

Sportscard Credit Card Company Limited

**Directors' report and financial
statements**

Registered number 03218753

31 December 2002



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Company information

| | |
|-------------------|--|
| Company number | 03218753 |
| Directors | P Dubens A Galvin |
| Secretary | C Kennedy |
| Registered office | 14 Waterloo Place London SW1Y 4AR |
| Auditor | KPMG Audit Plc 1 The Embankment Neville Street Leeds LS1 4DW |

Directors' report

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

Principal activities

The principal activity of the company is the promotion of a sports related credit card.

The loss for the period is shown in the profit and loss account on page 5.

In the year, the company disposed of the Sportscard customer database for £270,000 and subsequently closed the Sportscard business.

Directors and directors' interests

The directors during the period under review were:

P Dubens

E Semel (resigned 1 April 2003)

AM Galvin (appointed 1 April 2003)

The directors have no interest in the ordinary share capital of the company. P Dubens, E Semel and AM Galvin are also directors of the ultimate parent company ukbetting plc, and their interests in the share capital of that company are shown in its accounts.

Auditors

On 31 July 2002, Ernst & Young LLP resigned as auditors to the company. On 31 July 2002 KPMG Audit Plc were appointed by the directors in their place to fill the casual vacancy. A resolution for the reappointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

AM Galvin
Director



14 Waterloo Place
London
SW1Y 4AR

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 Sportscard Credit Card Company Limited

We have audited the financial statements on pages 5 to 14.

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.

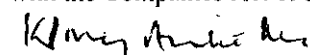
Basis of audit opinion

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 year 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 year ended 31 December 2002

| | <i>Note</i> | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|--|-------------|--|--|
| Turnover | 2 | 117,783 | 138,772 |
| Cost of sales | | (4,975) | 95,462 |
| Gross profit/(loss) | | 112,808 | 234,234 |
| Administrative expenses | | (350,183) | (1,259,369) |
| Operating loss | 2 | (19,590) | (1,025,530) |
| Profit on termination of business | 3 | 217,785 | - |
| Interest receivable | 6 | 493 | 667 |
| Interest payable | 6 | (81) | (1,062) |
| Loss on ordinary activities before taxation | | (19,178) | (1,025,530) |
| Taxation | 7 | - | - |
| Retained loss for the year | 17 | (19,178) | (1,025,530) |

All the company's turnover and operating loss came from discontinued operations.

There were no recognised gains or losses other than the loss for the year shown above.

There is no material difference between historical cost profits and losses, and those reported in the profit and loss account.

Balance sheet
at 31 December 2002

| | <i>Note</i> | 2002 £ | 2001 £ |
|--|-------------|-----------------------|------------------------|
| Fixed assets | | | |
| Tangible assets | 8 | - | 98,862 |
| Investments | 9 | 2 | 2 |
| | | <hr/> | <hr/> |
| | | 2 | 98,864 |
| Current assets | | | |
| Debtors | 10 | 24,714 | 243,636 |
| Cash at bank and in hand | | 32,442 | 735 |
| | | <hr/> | <hr/> |
| Creditors: amounts falling due within one year | 11 | 57,156 (6,457,829) | 244,371 (6,355,427) |
| | | <hr/> | <hr/> |
| Net current liabilities | | (6,400,673) | (6,111,056) |
| | | <hr/> | <hr/> |
| Total assets less current liabilities | | (6,400,671) | 6,012,192 |
| Creditors: amounts falling due after more than one year | 12 | - | (7,000) |
| Provisions for liabilities and charges | 14 | (1,000) | (363,301) |
| | | <hr/> | <hr/> |
| Net liabilities | | (6,401,671) | (6,382,493) |
| | | <hr/> | <hr/> |
| Capital and reserves | | | |
| Called up share capital | 15 | 5,000 | 5,000 |
| Share premium account | 16 | 896,550 | 896,550 |
| Profit and loss account | 18 | (7,303,221) | (7,284,043) |
| | | <hr/> | <hr/> |
| Equity shareholders' funds | 17 | (6,401,671) | (6,382,493) |
| | | <hr/> | <hr/> |

These financial statements on pages 5 to 14 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 convention and basis of preparation

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

The accounts have been prepared under the historical cost convention in accordance with applicable UK accounting standards.

The accounts have been prepared on a going concern basis as the ultimate parent undertaking, ukbetting plc, has agreed to provide the necessary financial support for the company to meet its liabilities as they fall due.

As the company is wholly owned subsidiary of a UK parent company it has taken advantage of the exemption permitted by Section 228 of the Companies Act 1985 and consolidated accounts of the company and its subsidiaries have not been prepared.

Turnover

Turnover represents commission invoiced by the company through the promotion of a sports related credit card to customers. Turnover is wholly attributable to the principle activity of the company and arises solely within the United Kingdom.

Investments

Investments are held at cost less any provision for impairment in value. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Office furniture and equipment - 3 years

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Deferred taxation

Deferred tax is recognised, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Pension costs

The ultimate parent company, ukbetting plc, operates a defined contribution pension scheme in which the employees of the company participate. The pension cost under this scheme is the amount of contributions payable in respect of the accounting period. The ukbetting plc group provides no other post-retirement benefits to employees.

Notes (continued)

1 Accounting convention and basis of preparation (continued)

Sports Points

Cardholders received sports points based on their level of spend. The sports points liability is provided for in full. Any sports points that are unredeemed as at 31 December 2002 have been carried forward within the provision for liabilities and charges category.

2 Operating loss

This is staged after charging:

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|--|--|--|
| Auditors' remuneration - audit services | 9,000 | 10,361 |
| - non-audit services | 7,000 | 18,652 |
| Operating leases – hire of assets other than plant and machinery | 57,790 | 35,144 |
| Depreciation | 47,292 | 18,755 |
| | <hr/> | <hr/> |

3 Profit on termination of business

During the year, the company disposed of the Sportscard customer database and subsequently closed the Sportscard business, as follows:

| | £ |
|--------------------------------------|----------|
| Sale of Sports and customer database | 270,000 |
| Loss on disposal of fixed assets | (52,215) |
| | <hr/> |
| Profit on disposal of business | 217,785 |
| | <hr/> |

£150,000 of closure costs in relation to the Sportscard business have been borne by a subsidiary company, Sportscard Limited.

Notes (continued)

4 Directors' emoluments

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|---|--|--|
| Directors' emoluments | - | 381,316 |
| Payments to defined contribution pension scheme | - | 16,775 |
| | <hr/> | <hr/> |
| | - | 398,091 |
| | <hr/> | <hr/> |
| Emoluments of highest paid director: | | |
| Remuneration | - | 50,000 |
| Compensation paid for loss of office | - | 84,256 |
| Payments to defined contribution pension scheme | - | 8,603 |
| | <hr/> | <hr/> |
| | - | 142,859 |
| | <hr/> | <hr/> |

In 2002 directors' emoluments were borne by other group undertakings.

5 Staff costs

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|-----------------------|--|--|
| Wages and salaries | 75,155 | 404,816 |
| Social security costs | 7,770 | 52,304 |
| Other pension costs | 1,861 | 13,766 |
| | <hr/> | <hr/> |
| | 84,786 | 470,886 |
| | <hr/> | <hr/> |

The average number of employees including directors during the period was as follows:

| | Year ended 31 December 2002 | 6 months ended 31 December 2001 |
|-------------------------------|-----------------------------------|---------------------------------------|
| Sales | 3 | 3 |
| Operations and administration | - | 9 |
| | <hr/> | <hr/> |
| | 3 | 12 |
| | <hr/> | <hr/> |

Notes (continued)

6 Interest

a) Interest payable

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|-------------------------------|--|--|
| Hire purchase finance charges | - | 1,000 |
| Bank interest | 81 | 62 |
| | <u>81</u> | <u>1,062</u> |

b) Interest receivable

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|---------------|--|--|
| Bank interest | 493 | 667 |
| | <u>493</u> | <u>667</u> |

7 Taxation

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|-----------------|--|--|
| Corporation tax | - | - |
| Deferred tax | - | - |
| | <u>-</u> | <u>-</u> |

Current tax reconciliation

| | | |
|---|----------|-------------|
| Loss on ordinary activities before tax | (19,178) | (1,025,530) |
| Expected current tax thereon at 30% | (5,753) | (307,659) |
| Expenses not deductible for tax purposes | 54,600 | 54,588 |
| Depreciation in excess of capital allowances | (10,443) | 9,915 |
| (Decrease)/increase in tax losses carried forward | (38,404) | 219,401 |
| Group relief surrendered | - | 23,755 |
| | <u>-</u> | <u>-</u> |

There are no material deferred tax assets or liabilities

Notes (continued)

8 Tangible fixed assets

| | Office furniture and equipment £ |
|---|---|
| Cost | |
| At 31 December 2001 | 141,388 |
| Additions | 645 |
| Disposals | (142,033) |
| | <hr/> |
| At 31 December 2002 | - |
| | <hr/> |
| Depreciation | |
| At 31 December 2001 | 42,526 |
| Charge for the period | 47,292 |
| Disposals | (89,818) |
| | <hr/> |
| At 31 December 2002 | - |
| | <hr/> |
| Net book value at 31 December 2002 | - |
| | <hr/> |
| Net book value at 31 December 2001 | 98,862 |
| | <hr/> |

The net book value of tangible fixed assets includes £nil (2001: 12,263) in respect of assets held under finance leases and hire purchase contracts.

9 Investments

| | 2002 £ |
|--|-----------|
| Cost and net book value | |
| At 31 December 2001 and 31 December 2002 | 2 |
| | <hr/> |

The following were subsidiary undertakings at the end of the year, the results of which have been included in the consolidated financial statements of the ultimate parent company, ukbetting plc.

| Name | Country of registration | Proportion of voting rights held | Nature of business |
|------------------------|-------------------------|-------------------------------------|--------------------------|
| Sportscard Limited | England & Wales | 100% | Sports related promotion |
| Sports Tickets Limited | England & Wales | 100% | Dormant |

Notes (continued)

10 Debtors

| | 2002 £ | 2001 £ |
|---|---------------|----------------|
| Other debtors | 21 | 86,040 |
| Prepayments | 1,666 | 111,802 |
| Amount due from parent undertaking | - | 45,794 |
| Amount due from fellow group undertakings | 23,027 | - |
| | <u>24,714</u> | <u>243,636</u> |

11 Creditors: amounts falling due within one year

| | 2002 £ | 2001 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 4,178 | 117,830 |
| Accruals and deferred income | 37,092 | 95,031 |
| Other taxation and social security | - | 83,735 |
| Other creditors | - | 24,333 |
| Amounts due to group undertakings | 6,331,030 | 6,027,362 |
| Obligations under finance leases | 8,054 | 7,136 |
| Amounts due to parent undertaking | 77,475 | - |
| | <u>6,457,829</u> | <u>6,355,427</u> |

12 Creditors: amounts falling due after more than one year

| | 2002 £ | 2001 £ |
|----------------------------------|-----------|--------------|
| Obligations under finance leases | - | 7,000 |
| | <u>-</u> | <u>7,000</u> |

13 Obligations under finance leases

| | 2002 £ | 2001 £ |
|--|--------------|---------------|
| Net obligations under finance leases are repayable as follows: | | |
| Within one year | 8,054 | 7,136 |
| Within two to five years | - | 7,000 |
| | <u>8,054</u> | <u>14,136</u> |

Notes (continued)

14 Provisions for liabilities and charges

| | 2002 £ | 2001 £ |
|---------------|-----------|-----------|
| Sports points | 1,000 | 363,301 |

15 Share capital

| | 2002 Number | 2001 Number | 2002 £ | 2001 £ |
|-------------------------------|----------------|----------------|-----------|-----------|
| <i>Authorised</i> | | | | |
| Ordinary shares of 1p each | 500,000 | 500,000 | 5,000 | 5,000 |
| <i>Allotted and called up</i> | | | | |
| Ordinary shares of 1p each | 500,000 | 500,000 | 5,000 | 5,000 |

16 Share premium account

| | 2002 £ | 2001 £ |
|--|-----------|-----------|
| At 31 December 2001 and 31 December 2002 | 896,550 | 896,550 |

17 Reconciliation of movement in shareholders' funds

| | Year ended 31 December 2002 £ | 6 months ended 31 December 2001 £ |
|-----------------------------------|--|--|
| Loss for the financial period | (19,178) | (1,025,530) |
| Net change in shareholders' funds | (19,178) | (1,025,530) |
| Opening shareholder's funds | (6,382,493) | (5,356,963) |
| Closing shareholder's funds | (6,401,671) | (6,382,493) |

Notes (continued)

18 Movement on reserves

| | Profit and loss account £ |
|------------------------------|---------------------------------|
| At 1 January 2002 | (7,284,043) |
| Retained loss for the period | (19,178) |
| | <hr/> |
| At 31 December 2002 | (7,303,221) |
| | <hr/> |

19 Other commitments

Annual commitments under non-cancellable operating leases as follows:

| | Land & buildings Year ended 31 December 2002 £ | Land & buildings 6 months ended 31 December 2001 £ |
|--------------------------------|--|--|
| Operating leases which expire: | | |
| Within one year | - | 35,144 |
| Within two to five years | - | - |
| After five years | - | - |
| | <hr/> | <hr/> |
| | - | 35,144 |
| | <hr/> | <hr/> |

20 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as it is consolidated in the financial statements of ultimate parent company.

21 Related party transactions

The company has taken advantage of the exemption allowed by Financial Reporting Standard 8, "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of its ultimate parent company.

22 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was ukbetting plc, a company registered in England and Wales.

The accounts of ukbetting plc are available from the Registered Office, 14 Waterloo Place, London, SW1Y 4AR.