

**INTERNATIONAL SPORTS
MANAGEMENT LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2001



INTERNATIONAL SPORTS MANAGEMENT LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

Company registration number: 2386775

Registered office: Cherry Tree Farm
Cherry Tree Lane
Rostherne
Cheshire
WA14 3RZ

Directors: D Brookes
A H Chandler
J Chandler
D Heather

Secretary: L Chandler

Bankers: Co-operative Bank
1 Balloon Street
Manchester
M60 3EP

Solicitors: Lennon Heather & Company
City Quay House
City Quay
Dublin 2
Ireland

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

INTERNATIONAL SPORTS MANAGEMENT LIMITED

FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

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INTERNATIONAL SPORTS MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

Principal activity

The company's principal activity is the provision of sports marketing services, event management and the representation of professional sportsmen and women.

Business review

There was a profit for the year after taxation amounting to £200,615 (2000: £410,463). The directors do not recommend the payment of a dividend (2000: £394,100).

Directors

The directors who served during the year are listed below:

A H Chandler
D Brookes
J Chandler
D Heather (appointed 1 June 2001)

The interests of the director who is also a director of the ultimate parent undertaking, Sports Resource Group plc, are disclosed in that company's financial statements. The interests of the other directors are included below.

Ordinary shares of £1 each

	31 December 2001	1 January 2001 (or date of appointment if later)
D Brookes	-	-
J Chandler	-	-
D Heather	-	-

The interests in the shares of the company's ultimate parent undertaking, of those directors who are not also directors of that company are included below.

Ordinary shares of £1 each

	31 December 2001	1 January 2001 (or date of appointment if later)
D Brookes	360,000	-
J Chandler	2,319,900	-
D Heather	-	-

J Chandler's interests in the shares of the ultimate parent undertaking are included within the total interests of Mr Andrew Chandler, which are disclosed in the Directors' Statement on Corporate Governance, of that company's financial statements.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 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, 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.

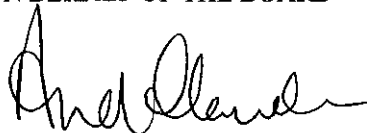
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

Grant Thornton were appointed auditors on 11 September 2001 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985.

Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the next Annual General Meeting.

ON BEHALF OF THE BOARD



A H Chandler

Director

18 October 2002

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INTERNATIONAL SPORTS MANAGEMENT LIMITED**

We have audited the financial statements of International Sports Management Limited for the year ended 31 December 2001 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with 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.

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.

We read other information continued in the directors' report and consider whether it is consistent with the audited financial system. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INTERNATIONAL SPORTS MANAGEMENT LIMITED (CONTINUED)**

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 profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

LONDON
18 OCTOBER 2002

INTERNATIONAL SPORTS MANAGEMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover excludes value added tax ("VAT") and similar sales-related taxes. Turnover derived from client representation is recognised in line with the benefits accruing to the client which is typically over the term of the contract to which it relates or in line with the contractual invoicing patterns. In the case of event management and corporate hospitality, turnover is typically recognised on completion of the related event or events and where an annual programme of events is managed turnover is recognised evenly over that period.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Computer equipment	3 years
Fixtures and fittings	5 years
Motor vehicles	5 years

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that a liability or asset will crystallise.

FOREIGN CURRENCY

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of transaction is included as an exchange gain or loss in the profit and loss account.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

PRINCIPAL ACCOUNTING POLICIES

RETIREMENT BENEFITS

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 DECEMBER 2001

	Note	2001 £	2000 £
Turnover		2,633,709	2,280,607
Cost of sales		<u>(1,160,050)</u>	<u>(714,345)</u>
Gross profit		1,473,659	1,566,262
Administrative expenses		<u>(1,158,231)</u>	<u>(978,659)</u>
Operating profit		315,428	587,603
Net interest	2	<u>2,788</u>	<u>(3,564)</u>
Profit on ordinary activities before taxation	1	318,216	584,039
Tax on profit on ordinary activities	4	<u>(117,601)</u>	<u>(173,876)</u>
Profit on ordinary activities after taxation		200,615	410,463
Dividends	5	-	(394,100)
Profit retained and transferred to reserves	12	<u>200,615</u>	<u>16,363</u>

All transactions arose from continuing operations.

There were no recognised gains or losses other than profit for the financial year.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

BALANCE SHEET AT 31 DECEMBER 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	90,773	123,724
Current assets			
Debtors	7	728,470	801,162
Cash at bank and in hand		321,064	858,459
		<u>1,049,534</u>	<u>1,659,631</u>
Creditors: amounts falling due within one year	8	<u>(928,660)</u>	<u>(1,721,303)</u>
Net current assets		<u>120,874</u>	<u>(16,672)</u>
Total assets less current liabilities		<u>211,647</u>	<u>62,052</u>
Creditors: amounts falling due after more than one year	9	<u>(10,588)</u>	<u>(61,608)</u>
		<u>201,059</u>	<u>444</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	200,959	344
Equity shareholders' funds	13	<u>201,059</u>	<u>444</u>

The financial statements were approved by the Board of Directors on 18 October 2002


A H Chandler - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after:

	2001 £	2000 £
Auditors' remuneration:		
Audit services	10,000	6,000
Depreciation:		
Tangible fixed assets owned	23,990	18,661
Tangible fixed assets held under finance leases and hire purchase contracts	16,088	29,246
Other operating lease rentals	<u>5,002</u>	<u>3,684</u>

2 NET INTEREST AND SIMILAR CHARGES

	2001 £	2000 £
Hire purchase interest	(8,424)	(10,861)
Other interest payable and similar charges	<u>(5,094)</u>	<u>-</u>
	(13,518)	(10,861)
Other interest receivable and similar income	<u>16,306</u>	<u>7,297</u>
	<u>2,788</u>	<u>(3,564)</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	568,874	516,786
Social security costs	58,351	57,198
Other pension costs	<u>55,401</u>	<u>49,417</u>
	<u>682,626</u>	<u>623,401</u>

The average number of employees of the company during the year was:

	2001 Number	2000 Number
Administration	<u>13</u>	<u>13</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Emoluments	363,506	410,000
Pension contributions to money purchase pension schemes	40,169	43,000
	<u>403,675</u>	<u>453,000</u>

During the year three directors (2000: three directors) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2001 £	2000 £
Emoluments	227,936	219,000
Pension contributions to money purchase pension schemes	19,919	26,000
	<u>247,855</u>	<u>245,000</u>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	2001 £	2000 £
Corporation tax at 30% (2000: 27%)	<u>117,601</u>	<u>173,876</u>

5 DIVIDENDS

	2001 £	2000 £
Equity dividends (2000 : £3,941 per share)	<u>-</u>	<u>394,100</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

6 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2001	43,575	45,826	128,317	217,718
Additions	11,215	17,995	10,500	39,710
Disposal	(2,637)	-	(46,000)	(48,637)
	<u>52,153</u>	<u>63,821</u>	<u>92,817</u>	<u>208,791</u>
Depreciation				
At 1 January 2001	21,876	29,507	42,611	93,994
Provided in the year	10,634	11,391	18,053	40,078
Disposals	(2,637)	-	(13,417)	(16,054)
	<u>29,873</u>	<u>40,898</u>	<u>47,247</u>	<u>118,018</u>
Net book amount at 31 December 2001	<u>22,280</u>	<u>22,923</u>	<u>45,570</u>	<u>90,773</u>
Net book amount at 31 December 2000	<u>21,699</u>	<u>16,319</u>	<u>85,706</u>	<u>123,724</u>

Net book value of assets held under finance leases and hire purchase contracts at 31 December 2001 was £43,850 (2000: £82,021).

7 DEBTORS

	2001 £	2000 £
Trade debtors	335,698	398,974
Amounts owed by other group undertakings	251,296	-
Other debtors	14,996	181,450
Prepayments and accrued income	126,480	220,738
	<u>728,470</u>	<u>801,162</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Trade creditors	287,926	360,637
Amounts owed to group undertakings	318,065	-
Corporation tax	116,250	172,970
Other taxation and social security	58,939	134,078
Accruals and deferred income	124,110	1,032,908
Amounts due under finance leases and hire purchase contracts	23,370	20,710
	<u>928,660</u>	<u>1,721,303</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Amounts due under finance leases and hire purchase contracts	<u>10,588</u>	<u>61,608</u>

10 BORROWINGS

	2001 £	2000 £
Borrowings relating to finance leases are repayable as follows:		
Within one year	23,370	20,710
After one and within two years	6,072	20,710
After two and within five years	<u>4,516</u>	<u>40,898</u>
	<u>33,958</u>	<u>82,318</u>

11 SHARE CAPITAL

	2001 £	2000 £
Authorised		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 RESERVES

	Profit and loss account £
At 1 January 2001	344
Profit for the year	<u>200,615</u>
At 31 December 2001	<u>200,959</u>

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2001 £
Profit for the financial year	200,615	410,463
Dividends	-	(394,100)
Net increase in shareholders' funds	200,615	16,393
Shareholders' funds at 1 January 2001	444	(15,919)
	<u>201,059</u>	<u>444</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2001 or 31 December 2000.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2001 or 31 December 2000.

16 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

17 LEASING COMMITMENTS

Operating lease payments amounting to £6,000 (2000: £5,002) are due within one year. The leases to which these amounts relate expire as follows:

	2001 Other £	2000 Other £
Between one and five years	<u>6,000</u>	<u>5,002</u>

18 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed transactions with group undertakings.

There are no other related party transactions.

INTERNATIONAL SPORTS MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2001

19 ULTIMATE PARENT UNDERTAKING

The directors consider the ultimate parent undertaking and controlling undertaking of this company is its parent company Sports Resource Group plc.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Sports Resource Group plc.

Copies of the group financial statements can be obtained from that company's registered office at 9th Floor, Winchester House, 259 Old Marylebone Road, London, NW1 5RA.