



**INTERNATIONAL SPORTS  
MANAGEMENT LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## COMPANY INFORMATION

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Company registration number: 02386775

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

Directors: D Brookes  
A H Chandler  
J Chandler  
D Heather  
K Salter

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

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# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## REPORT OF THE DIRECTORS

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

### 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 loss for the year after taxation amounting to £237,021 (2001: profit £200,615). The directors do not recommend the payment of a dividend (2001: £nil).

### Directors

The directors who served throughout the year are listed below:

A H Chandler  
D Brookes  
J Chandler  
D Heather  
K Salter (appointed 2 January 2002)

No director held any interest in the shares of the company during the year.

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 2002	1 January 2002
D Brookes	360,000	360,000
J Chandler	2,319,900	2,319,900

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

### Directors' responsibilities in respect of 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

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## REPORT OF THE DIRECTORS

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- 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.

ON BEHALF OF THE BOARD



A H Chandler  
Director

4 July 2003

## **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 2002, which comprise the principal accounting policies, the profit and loss account, the balance sheet and 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept any 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 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

LONDON  
4 July 2003

# **INTERNATIONAL SPORTS MANAGEMENT LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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, which have been reviewed in accordance with FRS 18 Accounting Policies, 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 taxation is calculated using the liability method in respect of timing differences arising primarily from the difference between the accounting and tax treatments of depreciation. Provision is made where timing differences are expected to reverse without replacement in the foreseeable future. Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

### **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**

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#### **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 2002

	Note	2002 £	2001 £
Turnover		2,157,586	2,633,709
Cost of sales		(923,473)	(1,160,050)
Gross profit		1,234,113	1,473,659
Administrative expenses		(1,512,127)	(1,158,231)
Operating (loss) profit	1	(278,014)	315,428
Finance (charges) income	2	(27,132)	2,788
(Loss) profit on ordinary activities before taxation		(305,146)	318,216
Tax on (loss) profit on ordinary activities	4	68,125	(117,601)
(Loss) profit retained and transferred (from) to reserves	10	(237,021)	200,615

All transactions arose from continuing operations.

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

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## BALANCE SHEET

At 31 DECEMBER 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	5	136,791	90,773
<b>Current assets</b>			
Debtors	6	758,436	728,470
Cash at bank and in hand		420,568	321,064
		<u>1,179,004</u>	<u>1,049,534</u>
<b>Creditors: amounts falling due within one year</b>	7	<u>(1,320,935)</u>	<u>(928,660)</u>
<b>Net current (liabilities) assets</b>		<u>(141,931)</u>	<u>120,874</u>
<b>Total assets less current liabilities</b>		<u>(5,140)</u>	<u>211,647</u>
<b>Creditors: amounts falling due after more than one year</b>	8	<u>(30,822)</u>	<u>(10,588)</u>
		<u>(35,962)</u>	<u>201,059</u>
<b>Capital and reserves</b>			
Called up share capital	9	100	100
Profit and loss account	10	(36,062)	200,959
<b>Equity shareholders' funds</b>		<u>(35,962)</u>	<u>201,059</u>

The financial statements were approved by the Board of Directors on 4 July 2003.



A H Chandler - Director

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 1 (LOSS) PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss) profit on ordinary activities before taxation is stated after:

	2002 £	2001 £
Auditors' remuneration:		
Audit services	12,000	10,000
Depreciation:		
Tangible fixed assets owned	26,026	23,990
Tangible fixed assets held under finance leases and hire purchase contracts	16,571	16,088
Other operating lease rentals	66,321	5,002

### 2 FINANCE (CHARGES) INCOME

	2002 £	2001 £
Hire purchase interest	(5,053)	(8,424)
Other interest payable and similar charges	(27,223)	(5,094)
	(32,276)	(13,518)
Other interest receivable and similar income	5,144	16,306
	(27,132)	2,788

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	697,794	568,874
Social security costs	77,691	58,351
Other pension costs	51,582	55,401
	827,067	682,626

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

	2002 Number	2001 Number
Administration	16	13

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 3 DIRECTORS AND EMPLOYEES (CONTINUED)

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments	427,500	363,506
Pension contributions to money purchase pension schemes	40,138	40,169
	<u>467,638</u>	<u>403,675</u>

During the year three directors (2001: three directors) participated in money purchase pension schemes.

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

	2002 £	2001 £
Emoluments	229,000	227,936
Pension contributions to money purchase pension schemes	19,919	19,919
	<u>248,919</u>	<u>247,855</u>

### 4 TAX ON (LOSS) PROFIT ON ORDINARY ACTIVITIES

The tax (credit) charge represents:

	2002 £	2001 £
UK corporation tax at 30% (2001: 30%)	(73,000)	117,601
Adjustments in respect of prior year	4,875	-
	<u>(68,125)</u>	<u>117,601</u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2001: 30%). The differences are explained as follows:

	2002 £	2001 £
(Loss) profit on ordinary activities before tax	(305,146)	318,216
(Loss) profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 30% (2001: 30%)	(91,544)	95,465
Expenses not deductible for tax purposes	19,544	22,136
Marginal relief	(1,000)	-
Adjustment in respect of prior period	4,875	-
	<u>(68,125)</u>	<u>117,601</u>

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 5 TANGIBLE FIXED ASSETS

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2002	52,153	63,821	92,817	208,791
Additions	11,654	47,513	45,847	105,014
Disposals	-	-	(43,065)	(43,065)
At 31 December 2002	<b>63,807</b>	<b>111,334</b>	<b>95,599</b>	<b>270,740</b>
Depreciation				
At 1 January 2002	29,873	40,898	47,247	118,018
Provided in the year	13,520	12,507	16,570	42,597
Disposals	-	-	(26,667)	(26,667)
At 31 December 2002	<b>43,393</b>	<b>53,405</b>	<b>37,150</b>	<b>133,948</b>
Net book amount at 31 December 2002	<b>20,414</b>	<b>57,929</b>	<b>58,449</b>	<b>136,792</b>
Net book amount at 31 December 2001	22,280	22,923	45,570	90,773

Net book value of assets held under finance leases and hire purchase contracts at 31 December 2002 was £57,199 (2001: £35,450).

### 6 DEBTORS

	2002 £	2001 £
Trade debtors	337,499	335,698
Amounts owed by other group undertakings	277,354	251,296
Other debtors	41,771	14,996
Corporation tax debtor	6,750	-
Prepayments and accrued income	95,062	126,480
	<b>758,436</b>	<b>728,470</b>

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	593,643	287,926
Amounts owed to group undertakings	540,227	318,065
Corporation tax	-	116,250
Other taxation and social security	48,097	58,939
Accruals and deferred income	125,183	124,110
Obligations under finance leases and hire purchase contracts	13,785	23,370
	<u>1,320,935</u>	<u>928,660</u>

### 8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Obligations under finance leases and hire purchase contracts	<u>30,822</u>	<u>10,588</u>

	2002 £	2001 £
The obligations under finance leases and hire purchase contracts expires as follows:		
After one and within two years	9,447	6,072
After two and within five years	<u>21,375</u>	<u>4,516</u>
	<u>30,822</u>	<u>10,588</u>

### 9 SHARE CAPITAL

	2002 £	2001 £
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>

### 10 RESERVES

	Profit and loss account £
At 1 January 2002	200,959
Loss for the year	(237,021)
At 31 December 2002	<u>(36,062)</u>

# INTERNATIONAL SPORTS MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 DECEMBER 2002

### 11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
(Loss) profit for the financial year	(237,021)	200,615
Net (decrease) increase in shareholders' funds	(237,021)	200,615
Opening shareholders' funds	201,059	444
Closing shareholders' funds	(35,962)	201,059

### 12 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2002 or 31 December 2001.

### 13 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2002 or 31 December 2001.

### 14 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.

### 15 LEASING COMMITMENTS

At the year end, the company had the following annual commitments in respect of non-cancellable operating leases:

	2002 Other £	2001 Other £
Between one and five years	74,742	6,000

### 16 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in FRS 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 2002

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### **17 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.

### **18 POST BALANCE SHEET EVENT**

On 19 May 2003 it was announced that Hegira plc had made a recommended offer for the entire issued and to be issued share capital of the ultimate parent undertaking, Sports Resource Group plc. At the same time Hegira plc agreed to procure Sports Resource Group plc to sell all of the subsidiaries, excluding Power Marketing, to their respective management teams, conditional upon Hegira plc acquiring 100% of the issued share capital of Sports Resource Group plc. The offer from Hegira plc was declared unconditional in all respects on 9 June 2003.