

Registered number:
03692607

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MCARDLE SPORT-TEC LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



MCARDLE SPORT-TEC LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

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MCARDLE SPORT-TEC LIMITED
COMPANY INFORMATION

1

DIRECTORS

J McArdle
R A Weedon
M L Freeman

SECRETARY

Miss C McArdle

AUDITORS

Day, Smith & Hunter
24 Church Street
Rickmansworth
Hertfordshire
WD3 1DD

PRINCIPAL PLACE OF BUSINESS

Church Street
Appleford
Abingdon
Oxfordshire
OX14 4PA

REGISTERED OFFICE

McArdle House
Great Central Way
Wembley
Middlesex
HA9 0HR

REGISTERED NUMBER

03692607

MCARDLE SPORT-TEC LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002

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

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year under review was that of design, construction and commissioning of sports facilities of all types and sizes.

REVIEW OF BUSINESS

The results for the year are set out in the annexed profit and loss account.

Turnover has increased by 15.50% during the year to £5,919,831.

The directors believe that this level of trading can be maintained in the coming year.

The period end position was considered satisfactory.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year.

DIRECTORS

The directors who held office during the year and their beneficial interest in the issued share capital of the company were as follows:

J McArdle (Resigned 28 September 2002, reappointed 4 February 2003)
J G McArdle (Resigned 28 September 2002)
R A Weedon
D J Parkes (Resigned 30 September 2002)
F S Silvester (Resigned 4 September 2002)
J J Thompson (Appointed 28 September 2002, resigned 4 February 2003)
M L Freeman (Appointed 4 February 2003)

No director had a beneficial interest in the share capital of the company during the year. The interests of the directors in the share capital of the parent company are shown in the directors' report of that company.

The directors are not required to retire by rotation.

On 28 October 2002 the entire share capital of the company was acquired by McArdle Holdings Limited, a company controlled by J. McArdle and family.

FIXED ASSETS

The movements in the fixed assets of the company are disclosed in note 7 to the financial statements.

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 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;
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 maintaining 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. It is also their responsibility to safeguard the assets of the company and hence to take reasonable steps to prevent and detect fraud and other irregularities.

MCARDLE SPORT-TEC LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002
(continued)

AUDITORS

The auditors, Day, Smith & Hunter, will be proposed for re-election in accordance with Section 385 of the Companies Act 1985.

Approved by the board of directors on 7th May 2003..... and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'R A Weedon', written over a horizontal line.

R A Weedon
Director

MCARDLE SPORT-TEC LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 15 of McArdle Sport-tec Limited for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and on the basis of accounting policies set out herein.

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

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.

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 the directors' remuneration and transactions with the company 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.

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.

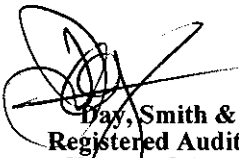
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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

24 Church Street
Rickmansworth
Hertfordshire
WD3 1DD

.....7th May 2003


Day, Smith & Hunter
Registered Auditors and
Chartered Accountants

MCARDLE SPORT-TEC LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
TURNOVER		5,919,831	5,125,258
Cost of sales		4,953,683	4,120,308
GROSS PROFIT		966,148	1,004,950
Administration expenses		863,436	1,052,894
Other operating income		102,712 89,478	(47,944) 58,200
OPERATING PROFIT	2	192,190	10,256
Interest payable and similar charges	4	(9,137)	(10,321)
PROFIT/(LOSS) on ordinary activities before taxation		183,053	(65)
TAXATION on profit/(loss) on ordinary activities	6	(58,086)	(1,090)
PROFIT/(LOSS) on ordinary activities after taxation		124,967	(1,155)
SURPLUS BROUGHT FORWARD		164,239	165,394
SURPLUS CARRIED FORWARD		289,206	164,239

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 8 to 15 form part of these financial statements.

MCARDLE SPORT-TEC LIMITED
BALANCE SHEET - 31 DECEMBER 2002

	Note	2002		2001	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		40,560		22,440
CURRENT ASSETS					
Stock		133,470		38,255	
Debtors	8	1,921,009		1,709,175	
Cash at bank and in hand		8,982		-	
		<u>2,063,461</u>		<u>1,747,430</u>	
CREDITORS:					
Amounts falling due within one year	9	<u>(1,797,652)</u>		<u>(1,605,531)</u>	
NET CURRENT ASSETS			<u>265,809</u>		<u>141,899</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>306,369</u>		<u>164,339</u>
CREDITORS:					
Amounts falling due after more than one year	10		<u>(17,063)</u>		<u>-</u>
NET ASSETS			<u><u>289,306</u></u>		<u><u>164,339</u></u>
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account			<u>289,206</u>		<u>164,239</u>
SHAREHOLDERS' FUNDS	12		<u><u>289,306</u></u>		<u><u>164,339</u></u>

Approved by the board of directors on 7th May 2003 and signed on its behalf.

J McArdle
 Director

MCARDLE SPORT-TEC LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2002

	2002		2001	
	£	£	£	£
Net cash inflow/(outflow) from operating activities (note 13)		376,272		(337,709)
Returns on investments and servicing of finance				
Interest and similar charges paid	(8,876)		(10,321)	
Interest element of finance lease payments	(261)		-	
		(9,137)		(10,321)
Taxation paid		-		(44,250)
Capital expenditure				
Payments to acquire tangible fixed assets	(325)		-	
Receipts from sale of tangible fixed assets	4,500		-	
		4,175		-
		371,310		(392,280)
Financing				
Capital repayments on finance lease and hire purchase contracts	(5,187)		-	
		(5,187)		-
Net increase/(decrease) in cash		<u>£366,123</u>		<u>(£392,280)</u>
Reconciliation of net cash flow to movement in net debt (note 14)				
Net increase/(decrease) in cash		366,123		(392,280)
Cash inflow from movement in debt and lease financing		5,187		-
Change in net debt resulting from cash flows		371,310		(392,280)
New hire purchase contracts		(32,000)		-
Changes in net funds/(debt)		339,310		(392,280)
Net (debt)/funds at 1 January 2002		(357,141)		35,139
Net debt at 31 December 2002		<u>(£17,831)</u>		<u>(£357,141)</u>

The notes on pages 8 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002

1 ACCOUNTING POLICIES

The principal accounting policies which are adopted consistently in the preparation of the financial statements are set out below.

Basis of accounting

The financial statements have been prepared in accordance with United Kingdom Accounting Standards under the historical cost convention.

Turnover

Turnover represents the value of work done during the year net of value added tax. The value of work done is calculated as the certified work, plus the amount anticipated to be certified, adjusted for over and under measures.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its estimated useful life. The principal annual rates in use are:

Motor vehicles	25%	on written down value
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Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the benefit and risk of ownership remain with the lessor, are charged to the profit and loss account on a straight line basis over the lease term.

Stock

Stock and work in progress is valued at the lower of cost and estimated net realisable value, after making due allowance for obsolete and slow moving items.

Pension scheme

The company operates a money purchase (defined contribution) pension scheme. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

2 OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Directors' emoluments	66,750	81,667
Depreciation of owned assets	5,440	7,480
Depreciation of assets under finance leases and hire purchase	2,694	-
Loss on disposal of fixed assets	1,571	-
Auditors' remuneration	7,830	6,000
Operating lease rentals - motor vehicles	39,677	16,325
Operating lease rentals - land and buildings	27,250	23,219

MCARDLE SPORT-TEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)

3 STAFF COSTS

Staff costs including directors' remuneration were as follows:

	2002	2001
	£	£
Wages and salaries	463,714	418,455
Social security costs	42,371	41,943
Other pension costs	2,922	2,114
Other costs	18,575	13,448
	<u>527,582</u>	<u>475,960</u>

The average weekly number of employees during the year was as follows:

Administration and management	10	11
Construction	1	1
	<u>11</u>	<u>12</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
On loans repayable within five years:		
Bank loans and overdrafts	8,876	10,321
Finance lease and hire purchase interest	261	-
	<u>9,137</u>	<u>10,321</u>

5 PENSION SCHEME

Money purchase (defined contribution) pension scheme

The company operates a money purchase (defined contribution) pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,922 (2001: £2,114).

MCARDLE SPORT-TEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)

6 TAXATION

	2002	2001
	£	£
Corporation tax on ordinary activities at 30% (2001: 20%)	58,086	-
Subvention payment	-	1,090
	<u>58,086</u>	<u>1,090</u>
Profit/(loss) on activities before tax	<u>183,053</u>	<u>(65)</u>
Corporation tax at the rate of 30% (2001: 20%)	54,916	(13)
Effects of:		
Expenses not deductible for tax purposes	3,072	1,009
Depreciation for period in excess of capital allowances	98	94
	<u>58,086</u>	<u>1,090</u>

7 TANGIBLE FIXED ASSETS

	Motor vehicles	Total
	£	£
<u>Cost</u>		
At 1 January 2002	48,050	48,050
Additions	32,325	32,325
Disposals	(16,000)	(16,000)
At 31 December 2002	<u>64,375</u>	<u>64,375</u>
<u>Depreciation</u>		
At 1 January 2002	25,610	25,610
Charge for the year	8,134	8,134
Released on disposal	(9,929)	(9,929)
At 31 December 2002	<u>23,815</u>	<u>23,815</u>
<u>Net book value</u>		
At 31 December 2002	<u>40,560</u>	<u>40,560</u>
At 31 December 2001	<u>22,440</u>	<u>22,440</u>

The net book value of fixed assets at 31 December 2002 includes £29,631 (2001 £Nil) in respect of assets leased under finance leases or under hire purchase contracts.

	2002	2001
	£	£
Motor vehicles	<u>29,631</u>	-

The depreciation charge for the year includes £2,694 (2001 £Nil) in respect of assets leased under finance leases or under hire purchase contracts.

	2002	2001
	£	£
Motor vehicles	<u>2,694</u>	-

MCARDLE SPORT-TEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)

8 DEBTORS

	2002	2001
	£	£
Amounts recoverable on contracts	1,227,636	1,133,823
Amounts owed by group undertakings	-	80,000
Amounts owed by companies under common control	606,324	345,153
Prepayments	32,578	35,217
	<u>1,866,538</u>	<u>1,594,193</u>
Amounts falling due after more than one year:		
Amounts recoverable on contracts	54,471	114,982
	<u>1,921,009</u>	<u>1,709,175</u>

9 CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank overdraft	-	357,141
Trade creditors	1,241,024	812,539
Amounts owed to group undertakings	-	17,461
Amounts owed to companies under common control	332,053	286,076
Other creditors	1,250	342
Corporation tax	58,086	-
Other tax and social security	144,255	123,015
Obligations under finance leases and hire purchase contracts	9,750	-
Accruals and deferred income	11,234	8,957
	<u>1,797,652</u>	<u>1,605,531</u>

The bank overdraft is secured by a charge over the assets of the company and by way of a cross guarantee with other companies under common control, to a limit of £400,000.

10 CREDITORS: amounts falling due after more than one year

	2002	2001
	£	£
Obligations under finance leases and hire purchase contracts	<u>17,063</u>	<u>-</u>

11 CALLED UP SHARE CAPITAL

	2002	2001
	£	£
Authorised		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit/(loss) for the year	124,967	(1,155)
Shareholders' funds at 1 January 2002	164,339	165,494
Shareholders' funds at 31 December 2002	<u>289,306</u>	<u>164,339</u>

MCARDLE SPORT-TEC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)**13 RECONCILIATION OF OPERATING RESULTS TO
OPERATING CASH FLOWS**

	2002	2001
	£	£
Operating profit	192,190	10,256
Depreciation charges	8,134	7,480
Loss on sale of fixed assets	1,571	-
	<u>201,895</u>	<u>17,736</u>
Increase in stock	(95,215)	(13,098)
Increase in debtors	(211,834)	(373,025)
Increase in creditors	481,426	30,678
Net cash inflow/(outflow) from operating activities	<u>376,272</u>	<u>(337,709)</u>

14 ANALYSIS OF CHANGES IN NET DEBT

	Brought forward £	Cash flows £	Other changes £	Carried forward £
Cash at bank and in hand	-	8,982	-	8,982
Overdrafts	(357,141)	357,141	-	-
	<u>(357,141)</u>	<u>366,123</u>	<u>-</u>	<u>8,982</u>
Debt due within one year	-	5,187	(14,937)	(9,750)
Debt due after more than one year	-	-	(17,063)	(17,063)
	<u>(357,141)</u>	<u>371,310</u>	<u>(32,000)</u>	<u>(17,831)</u>

15 ULTIMATE PARENT COMPANY

Up to 28 October 2002, the ultimate parent company was J McArdle Contracts Limited, a company registered in Great Britain. At that date the entire share capital of McArdle Sport-tec Limited was acquired by McArdle Holdings Limited, a company registered in Great Britain.

MCARDLE SPORT-TEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002****(continued)**

16 RELATED PARTIES**CONTROL**

Up to 28 October 2002, the former ultimate parent company, J McArdle Contracts Limited was controlled by its directors, Mr J McArdle and Mrs R P McArdle, by virtue of the fact that they own 90% of the issued share capital of that company. The new ultimate parent company, McArdle Holdings Limited, is controlled by Mr J McArdle and his family, who together own 100% of the issued share capital of that company.

J McARDLE CONTRACTS LIMITED

i) The transacting related parties are McArdle Sport-tec Limited and J McArdle Contracts Limited.

ii) The relationship between the parties to 28 October 2002 was that McArdle Sport-tec Limited was a 100% subsidiary of J McArdle Contracts Limited. Since that date the relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies. Mr J. McArdle, Mr J.G. McArdle and Mr J.J. Thompson were directors of both companies during the year. Mr J. McArdle and Mr J.G. McArdle resigned from McArdle Sport-tec Limited on 28 September 2002, and Mr J. McArdle was reappointed on 4 February 2003.

iii) Transactions between the companies during the year ended 31 December 2002 were all at arms length and represented the provision of goods and services by/to J McArdle Contracts Limited in the normal course of trade for/by McArdle Sport-tec Limited.

iv) The amounts of the transactions described in iii) above (excluding VAT) were purchases £53,504 (2001: £9,806), sales £47 (2001: £619) and recharges by J McArdle Contracts Limited of £nil (2001: £100,000).

v) At 31 December 2002 J McArdle Contracts Limited was indebted to McArdle Sport-tec Limited in the amount of £314,126 (2001: £17,461 creditor) which is included in debtors on the balance sheet.

McARDLE ENVIRONMENTAL LIMITED

i) The transacting related parties are McArdle Sport-tec Limited and McArdle Environmental Limited.

ii) The relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies. Mr J. McArdle and Mr J.G. McArdle were directors of both companies until 28 September 2002 when they both resigned from McArdle Sport-tec Limited. Mr J. McArdle was reappointed on 4 February 2003.

iii) Transactions between the companies during the year ended 31 December 2002 were all at arms length and represented the provision of goods and services by McArdle Environmental Limited in the normal course of trade for McArdle Sport-tec Limited.

iv) The amounts of the transactions described in iii) above (excluding VAT) were purchases £39,207 (2001: £41,679) and recharges by McArdle Environmental Limited of £100,000 (2001: £200,000).

v) At 31 December 2002 McArdle Sport-tec Limited was indebted to McArdle Environmental Limited in the amount of £331,095 (2001: £286,076) which is included in creditors on the balance sheet.

MCARDLE SPORT-TEC LIMITED**NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)**

McARDLE ENVIRONMENTAL AND CONSTRUCTION SERVICES LIMITED

- i) The transacting related parties are McArdle Sport-tec Limited and McArdle Environmental and Construction Services Limited.
- ii) The relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies. Mr J. McArdle was a director of both companies until 28 September 2002 when he resigned from McArdle Sport-tec Limited. He was reappointed on 4 February 2003.
- iii) At 31 December 2002 there was no inter-company balance between McArdle Environmental and Construction Services Limited and McArdle Sport-tec Limited (2001: £98,472 debtor).

FIRST GEOTECHNICS LIMITED

- i) The transacting related parties are McArdle Sport-tec Limited and First Geotechnics Limited.
- ii) The relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies. Mr J. McArdle was a director of both companies until 28 September 2002 when he resigned from McArdle Sport-tec Limited. He was reappointed on 4 February 2003.
- iii) At 31 December 2002 McArdle Sport-tec Limited was indebted to First Geotechnics Limited in the amount of £958 (2001: £nil) which is included in creditors on the balance sheet.

McARDLE STABILISATION LIMITED

- i) The transacting related parties are McArdle Sport-tec Limited and McArdle Stabilisation Limited.
- ii) The relationship between the parties to 28 October 2002 was that McArdle Sport-tec Limited was a fellow subsidiary of a group headed up by J McArdle Contracts Limited. Since that date the relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies. Mr J. McArdle was a director of both companies until 28 September 2002 when he resigned from McArdle Sport-tec Limited. He was reappointed on 4 February 2003.
- iii) Transactions between the companies during the year ended 31 December 2002 were all at arms length and represented the provision of goods and services by McArdle Stabilisation Limited in the normal course of trade for McArdle Sport-tec Limited.
- iv) The amounts of the transactions described in iii) above (excluding VAT) were purchases £19,000 (2001:£ nil).
- v) At 31 December 2002 McArdle Stabilisation Limited was indebted to McArdle Sport-tec Limited in the amount of £61,000 (2001: £80,000) which is included in debtors on the balance sheet.

MCARDLE SPORT-TEC LIMITED
NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2002
(continued)

McARDLE GOLF & LEISURE LIMITED

- i) The transacting related parties are McArdle Sport-tec Limited and McArdle Golf & Leisure Limited.
- ii) The relationship between the parties is the controlling equity interest of Mr J. McArdle and family in both companies.
- iii) Transactions between the companies during the year ended 31 December 2002 were all at arms length and represented the provision of goods and services by/to McArdle Golf & Leisure Limited in the normal course of trade for/by McArdle Sport-tec Limited.
- iv) The amounts of the transactions described in iii) above (excluding VAT) were purchases £nil (2001: £68,676), sales £72,500 (2001: £100,379) and recharges by McArdle Sport-tec Limited of £88,068 (2001: £58,200) and recharges to McArdle Sport-tec Limited of £nil (2001: £50,000).
- v) At 31 December 2002 McArdle Golf & Leisure Limited was indebted to McArdle Sport-tec Limited in the amount of £231,197 (2001: £246,681) which is included in debtors on the balance sheet.