MCARDLE SPORT-TEC LIMITED

Financial Statements

For the year ended 31 December 2005



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21/07/2006

Company Registration Number: 3692607

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Directors

J McArdle
R A Weedon
M L Freeman
M Jefferies

Secretary and registered office

Miss C McArdle
McArdle House
McArdle Way
Colnbrook, Slough
Berkshire
SL3 0RG

Registered number

3692607

Principal place of business

McArdle House
1-2 Thames Park
Lester Way
Wallingford
OX10 9TA

Auditors

Day, Smith & Hunter
Batchworth House
Batchworth Place
Church Street
Rickmansworth
Herts WD3 1JE

The directors present their report and the financial statements of the company for the year ended 31 December 2005.

Principal Activity

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

Review of the business

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

Turnover has increased by 18.9% during the year to £13,910,872.

An interim dividend of £500,000 (£5,000 per share) was paid on 15 December 2005. The directors do not recommend the payment of a final dividend.

Future Developments

The directors believe that the current level of trading will be maintained in the coming year.

Fixed assets

The movements in the fixed assets of the company are disclosed in note 9 to the financial statements.

Directors

The directors who held office during the year were as follows:

J McArdle
R A Weedon
M L Freeman

M Jefferies was appointed on 1 March 2006.

The directors are not required to retire by rotation.

Directors' interests

The beneficial interests of the directors in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 December 2005	1 January 2005
J McArdle	-	-
R A Weedon	-	-
M L Freeman	-	-

The interests of the directors in the share capital of the parent company are shown in the directors' report of that company.

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:

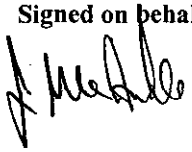
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

Auditors

A resolution to reappoint Day, Smith & Hunter as auditors of the company will be proposed at the forthcoming annual general meeting.

Signed on behalf of the board



J MCARDLE
Director

Approved by the Board on .....13/2/2006.....

Independent auditors' report to the shareholders of McArdle Sport-tec Limited

We have audited the financial statements of McArdle Sport-tec Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 of 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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and have been properly prepared in accordance with the Companies Act 1985.

Day Smith & Hunter

Day, Smith & Hunter
Registered Auditors and
Chartered Accountants

13/7/2006

Profit and loss account for the year ended 31 December 2005

	Notes	2005	2004
		£	£
Turnover		**13,910,872**	11,695,242
Cost of sales		**11,866,024**	10,261,702
Gross Profit		**2,044,848**	1,433,540
Administrative expenses		**1,029,708**	924,077
Other operating income		**11,000**	-
Net operating expenses		**1,018,708**	924,077
Operating Profit	2	**1,026,140**	509,463
Other interest receivable and similar income		**28,542**	-
Interest payable and similar charges	6	**(7,347)**	(5,022)
Profit on ordinary activities before taxation		**1,047,335**	504,441
Taxation on profit on ordinary activities	7	**(369,063)**	(147,140)
Profit for the financial year		**678,272**	357,301
Dividends	8	**(500,000)**	(500,000)
Retained profit/(deficit) for the year	13	**178,272**	(142,699)

None of the company's activities were acquired or discontinued during the current or previous year.

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

The notes on pages 8 to 16 form part of these financial statements.

Balance sheet at 31 December 2005

	Notes	2005	2004
		£	£
Fixed assets			
Tangible assets	9	**101,078**	24,342
Current assets			
Debtors	10	**2,871,219**	2,316,292
Cash at bank and in hand		**1,186,905**	538,599
		4,058,124	2,854,891
Creditors: amounts falling due within one year	11	**(3,657,413)**	(2,555,716)
Net current assets		**400,711**	299,175
Total assets less current liabilities		**501,789**	323,517
Capital and reserves			
Called up share capital	12	**100**	100
Profit and loss account	13	**501,689**	323,417
Shareholders' funds	14	**501,789**	323,517

Approved by the board of directors on ....13/7/2006..... and signed on its behalf.

J MCARDLE - Director

The notes on pages 8 to 16 form part of these financial statements.

Cash flow statement for the year ended 31 December 2005

	Notes	2005	2004
		£	£
Operating activities			
Net cash flow from operating activities	15a	**1,622,621**	840,848
Returns on investments and servicing of finance			
Interest and similar income received		**28,542**	-
Interest and similar charges paid		**(6,635)**	(4,072)
Interest element of finance lease payments		**(712)**	(950)
Net cash flow from returns on investments and servicing of finance		**21,195**	(5,022)
Taxation			
Corporation tax paid		**(389,645)**	(127,172)
Capital expenditure			
Payments to acquire tangible fixed assets		**(98,552)**	(8,080)
Receipts from sale of tangible fixed assets		**-**	700
Net cash flow from investing activities		**(98,552)**	(7,380)
		1,155,619	701,274
Equity dividends paid		**(500,000)**	(500,000)
Net cash flow before financing		**655,619**	201,274
Financing			
Capital repayments on finance lease and hire purchase contracts		**(7,313)**	(9,750)
Net cash flow from financing		**(7,313)**	(9,750)
Increase in cash	15c	**648,306**	191,524

The notes on pages 8 to 16 form part of these financial statements.

1 Accounting policies

a) Basis of accounting

The financial statements are prepared under the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

b) 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.

c) Depreciation of tangible fixed assets

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

Motor vehicles	25%	on written down value
Equipment, fixtures and fittings	15%	on cost

d) Amounts recoverable under contracts

Amounts recoverable under contracts are arrived at as the excess of the current value of the contract over the amounts invoiced. The current value of the contract is stated having taken into account numerous factors affecting the contract. In addition, provision is made for losses on all contracts in the year in which they are first forseen.

e) Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences between the profits as computed for taxation purposes and the profits as stated in the financial statements.

f) Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

g) Leasing and hire purchase commitments

Where assets are financed by leasing or hire purchase agreements that give rights approximating to ownership the assets are treated as if they had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases and hire purchase agreements. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element charged against profit so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

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.

h) Pension scheme

All pension costs relate to contributions the company makes into personal pension schemes. Contributions payable are charged to the profit and loss account in the period to which they relate.

2 Operating profit

This is stated after charging:

	2005	2004
	£	£
Depreciation of owned assets	**18,691**	585
Depreciation of assets under finance leases and hire purchase	**3,125**	5,556
Loss on disposal of tangible fixed assets	**-**	2,003
Auditors' remuneration - audit fee	**4,367**	10,405
Auditors' remuneration - fees for non audit services	**-**	12,100
Operating lease rentals - other assets	**27,453**	30,747

3 Employee information

	2005	2004
	£	£
Staff costs:		
Wages and salaries	**782,747**	576,831
Social security costs	**91,328**	63,151
Other pension costs	**77,872**	8,944
Other staff costs	**13,270**	20,771
	965,217	669,697

The average number of persons employed during the year, including executive directors, was made up as follows:

	2005	2004
	Number	Number
Administration and management	**13**	14
Construction	**6**	2
	19	16

4 Directors' emoluments

	2005	2004
	£	£
Emoluments	**232,380**	159,603
Pension contributions	**77,872**	8,460
	310,252	168,063

The remuneration of the highest paid director was:

Emoluments and amounts receivable under long term incentive schemes	**140,000**	89,865
Company contributions to money purchase pension scheme	**77,782**	8,460
	217,782	98,325

During the current and previous year, one director received contributions into a personal pension scheme.

5 Pension commitments and other post-retirement benefits

The company makes contributions into personal pension schemes. The pension cost and charge relates to these and amounted to £77,872 (2004: £8,944).

6 Interest payable and similar charges

	2005	2004
	£	£
On bank loans and overdrafts	**3,470**	4,072
Other interest payable	**1,200**	-
Loss on exchange	**1,965**	-
On obligations under finance lease and hire purchase	**712**	950
	7,347	5,022

7 Taxation on profit on ordinary activities

	2005	2004
	£	£
United Kingdom corporation tax at 30% (2004: 30%)	**319,458**	147,140
Adjustments in respect of previous years	**49,605**	-
	369,063	147,140
Profit on ordinary activities before taxation	**1,047,335**	504,441

Factors affecting tax charge for the period

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004: 30%)	**314,200**	151,332
Effects of:		
Expenses not deductible for tax purposes	**6,926**	2,618
Capital allowances for year in excess of depreciation	**(1,668)**	(372)
Adjustments in relation to previous years	**49,605**	(6,438)
Current tax charge for the year	**369,063**	147,140

8 Dividends

	2005	2004
	£	£
On equity shares:		
Interim of £5,000.00 per ordinary share paid (2004: £5,000.00)	**500,000**	500,000

9 Tangible fixed assets

	Motor vehicles	Equipment, fixtures and fittings	Total
	£	£	£
Cost:			
At 1 January 2005	32,325	8,080	40,405
Additions	75,479	23,073	98,552
At 31 December 2005	**107,804**	**31,153**	**138,957**
Depreciation:			
At 1 January 2005	15,658	405	16,063
Provision for the year	14,070	7,746	21,816
At 31 December 2005	**29,728**	**8,151**	**37,879**
Net book value:			
At 31 December 2005	**78,076**	**23,002**	**101,078**
At 31 December 2004	16,667	7,675	24,342

Included within fixed assets are assets held under finance leases or hire purchase contracts with a net book value of the following:

	2005	2004
	£	£
Motor vehicles	**-**	16,667

The depreciation charge for the year includes the following in respect of assets leased under finance leases or under hire purchase contracts:

	2005	2004
	£	£
Motor vehicles	**3,125**	5,556

10 Debtors

	2005	2004
	£	£
Amounts recoverable under contracts	**2,378,760**	1,904,527
Amounts owed by group undertakings	**54,700**	-
Other debtors	**197,109**	258,768
Prepaid expenses and accrued income	**27,271**	33,445
	2,657,840	2,196,740
Amounts due in more than one year:		
Amounts recoverable under contracts	**213,379**	119,552
	2,871,219	2,316,292

11 Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	**3,110,138**	2,177,534
Other creditors	**60,477**	12,557
Corporation tax	**50,358**	70,940
Other tax and social security	**427,392**	274,291
Obligations under finance leases and hire purchase contracts	**-**	7,313
Accruals and deferred income	**9,048**	13,081
	3,657,413	2,555,716

12 Called up share capital

	2005	2004
	£	£
Authorised		
Equity shares:		
Ordinary shares of £1 each	**500,000**	500,000
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	**100**	100

13 Reserves

	Profit and loss account
	£
At 1 January 2005	323,417
Retained profit for the year	178,272
At 31 December 2005	501,689

14 Reconciliation of movement in shareholders' funds

	2005	2004
	£	£
Profit for the year	**678,272**	357,301
Dividends	**(500,000)**	(500,000)
Retained profit/(deficit) for the year	**178,272**	(142,699)
Shareholders' funds at 1 January 2005	**323,517**	466,216
Shareholders' funds at 31 December 2005	**501,789**	323,517
Shareholders' funds may be analysed as follows:		
Attributable to equity interests	**501,789**	323,517

15 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

	2005	2004
	£	£
Operating profit	**1,026,140**	509,463
Depreciation charges	**21,816**	6,141
Loss on sale of fixed assets	**-**	2,003
Decrease in stock	**-**	11,861
Increase in debtors	**(554,927)**	(1,114,327)
Increase in creditors	**1,129,592**	1,425,707
Net cash inflow from operating activities	**1,622,621**	840,848

b) Analysis of change in net funds

	Brought forward	Cash flows	Other changes	Carried forward
Cash at bank and in hand	538,599	648,306	-	1,186,905
Debt due within one year	(7,313)	7,313	-	-
	531,286	**655,619**	**-**	**1,186,905**

c) Reconciliation of net cash flow to movement in funds

	2005	2004
	£	£
Net increase in cash	**648,306**	191,524
Reduction in finance lease and hire purchase contracts	**7,313**	9,750
Changes in net funds	**655,619**	201,274
Net funds at 1 January 2005	**531,286**	330,012
Net funds 31 December 2005	**1,186,905**	531,286

16 Contingent liabilities

The bank overdraft facilities are secured by way of a mortgage debenture over the assets of the company.

The bank facilities are also secured by way of an unlimited cross company guarantee. At the year end the total amounts owed to the bank by companies under this guarantee was £891,262. The total amounts on deposit with the bank by companies under this guarantee were in excess of this amount at the year end.

17 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 December 2005 were as set out below:

	2005		2004	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	-	4,563
Within two to five years	-	26,111	-	26,111
	-	26,111	-	30,674

18 Ultimate parent company

The ultimate and immediate parent company is McArdle Holdings Limited, a company registered in England and Wales.

19 Related parties

The company is controlled by McArdle Holdings Limited which in turn is controlled by Mr J McArdle and family, who together own 100% of the issued share capital of that company.

During the year there were transactions and balances with the following companies:

McArdle Environmental Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

McArdle Environmental and Construction Services Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

J. McArdle Contracts Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

First Geotechnics Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

McArdle Stabilisation Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

McArdle Golf & Leisure Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle and Mr R A Weedon are directors of both companies.

McArdle Equestrian Surfaces Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

McArdle Waste Services Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

Barrier Lining Systems Limited - The relationship between the parties is the controlling equity interest of Mr J McArdle and family in both companies. Mr J McArdle is a director of both companies.

All the transactions between the companies during the current and previous year were at arm's length and represented the provision of goods and services.

The following transactions took place:

19 Related parties (continued)

	2005	2004
	£	£
Sales		
J. McArdle Contracts Limited	-	452
McArdle Equestrian Surfaces Limited	**55,840**	140,718

	2005	2004
	£	£
Management fees receivable		
McArdle Equestrian Surfaces Limited	**11,000**	-

	2005	2004
	£	£
Purchases		
McArdle Environmental Limited	-	30,944
J. McArdle Contracts Limited	**71**	35,441
First Geotechnics Limited	-	5,642
McArdle Stabilisation Limited	-	17,325
Barrier Lining Systems Limited	-	168
McArdle Waste Services Limited	**168**	168
McArdle Environmental and Construction Services Limited	-	86

	2005	2004
	£	£
Service charges payable		
McArdle Environmental Limited	-	30,000

	2005	2004
	£	£
Rent payable		
McArdle Holdings Limited	**46,000**	-

	2005	2004
	£	£
Inter-company debts written off		
McArdle Golf & Leisure Limited	-	151,467

19 Related parties (continued)

At the year end the following balances existed:

	2005	2004
	£	£
Included in debtors:		
McArdle Environmental Limited	-	25,147
J. McArdle Contracts Limited	**72,360**	118,263
McArdle Equestrian Surfaces Limited	**121,191**	114,600
McArdle Holdings Limited	**54,700**	-
First Geotechnics Limited	**958**	-

	2005	2004
	£	£
Included in creditors:		
McArdle Environmental and Construction Services Limited	**325**	6,689
First Geotechnics Limited	-	5,671
Barrier Lining Systems Limited	-	197
McArdle Waste Services Limited	**197**	197
McArdle Stabilisation Limited	**1,442**	1,442