

MCARDLE SPORT-TEC LIMITED

Financial Statements

For the year ended 31 December 2007

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COMPANIES HOUSE

Company Registration Number: 3692607

MCARDLE SPORT-TEC LIMITED
Financial statements for the year ended 31 December 2007

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MCARDLE SPORT-TEC LIMITED

Directors, officers and advisors

Directors

J McArdle
R A Weedon
M L Freeman
M Jefferies

Secretary and registered office

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

Registered number

3692607

Principal place of business

1 - 2 Thames Park
Lester Way
Wallingford
OX10 9TA

Auditors

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

MCARDLE SPORT-TEC LIMITED

Directors' report for the year ended 31 December 2007

The directors present their report and the financial statements of the company for the year ended 31 December 2007

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 and page 5.

Turnover has reduced this year by 28% to £7,414,103

2007 proved to be a difficult trading year in our industry sector. The main problem being a turn-down in expenditure on sports facilities coupled with an increase in the number of contractors entering the industry.

The previous three accounting years were very good trading years, mainly due to the level of capital expenditure for the sport funded by the Government. This in turn attracted more competition within the industry.

There is some indication that funding will be made available in the run up to the Olympic Games, and although we expect a difficult couple of years we feel that there will be an improvement from 2010 onwards.

The results for 2007 show a break-even situation. However, it should be noted that this result was achieved after accounting for a new business start up in the Middle East, which produced only a small amount of revenue during the year. The UK division managed to return a profit of £200K, despite turnover being down, which shows a good business strength.

The directors do not recommend the payment of a final dividend.

Directors

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

J McArdle
R A Weedon
M L Freeman
M Jefferies

The directors are not required to retire by rotation.

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.

MCARDLE SPORT-TEC LIMITED

Directors' report for the year ended 31 December 2007 (continued)

Fixed assets

The movements in the fixed assets of the company are disclosed in note 10 to the financial statements

Policy on payment of creditors

The company has the policy of settling supplier invoices at the end of the following month in which the invoices was received. The average days credit taken was 30 (2006 33)

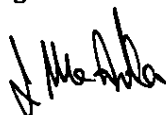
Disclosure of information to auditors

The directors confirm that so far as they are aware, there is no relevant audit information of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 17/7/2008.

MCARDLE SPORT-TEC LIMITED

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

We have audited the financial statements of McArdle Sport-tec Limited for the year ended 31 December 2007 which are set out on pages 5 to 15. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

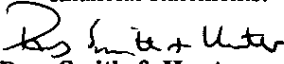
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report for the financial year ended 31 December 2007 is consistent with the financial statements.


Day, Smith & Hunter
Registered Auditors and
Chartered Accountants

17/7/2008
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Batchworth House
Batchworth Place
Church Street
Rickmansworth
Herts WD3 1JE

MCARDLE SPORT-TEC LIMITED

Profit and loss account for the year ended 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		<u>£</u>	<u>£</u>
Turnover	2	7,414,103	10,259,968
Cost of sales		<u>6,349,747</u>	<u>8,705,110</u>
Gross profit		<u>1,064,356</u>	<u>1,554,858</u>
Administrative expenses		<u>1,140,617</u>	1,257,268
Other operating income		<u>50,956</u>	<u>16,506</u>
		<u>1,089,661</u>	<u>1,240,762</u>
Operating (loss)/profit	3	(25,305)	314,096
Other interest receivable		42,835	166
Bank interest receivable		33,309	40,683
Interest payable and similar charges	7	<u>(598)</u>	<u>-</u>
Profit on ordinary activities before taxation		<u>50,241</u>	<u>354,945</u>
Taxation on profit on ordinary activities	8	<u>17,048</u>	<u>97,802</u>
Profit for the financial year	15	<u><u>33,193</u></u>	<u><u>257,143</u></u>

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

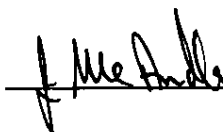
There were no recognised gains or losses other than those included in the profit and loss account

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

MCARDLE SPORT-TEC LIMITED
Balance sheet at 31 December 2007

	Notes	2007		2006	
		£	£	£	£
Fixed assets					
Tangible assets	10		95,102		78,833
Current assets					
Stock	11	900		-	
Debtors	12	2,080,722		2,440,409	
Cash at bank and in hand		545,537		1,117,378	
		<u>2,627,159</u>		<u>3,557,787</u>	
Creditors: amounts falling due within one year	13	<u>(2,180,136)</u>		<u>(3,127,688)</u>	
Net current assets			<u>447,023</u>		<u>430,099</u>
Total assets less current liabilities			<u>542,125</u>		<u>508,932</u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account	15		542,025		508,832
Shareholder's funds	16		<u>542,125</u>		<u>508,932</u>

Approved by the board of directors on 17/7/2008 and signed on its behalf

 J McArdle - Director

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

MCARDLE SPORT-TEC LIMITED

Cash flow statement for the year ended 31 December 2007

	<u>Notes</u>	<u>2007</u>	<u>2006</u>
		<u>£</u>	<u>£</u>
Operating activities			
	17a	(553,135)	279,321
Returns on investments and servicing of finance			
Interest and similar income received		76,144	40,849
Interest and similar charges paid		(598)	-
Net cash flow from returns on investments and servicing of finance		<u>75,546</u>	<u>40,849</u>
Taxation			
Corporation tax paid		(43,715)	(132,858)
Capital expenditure			
Payments to acquire tangible fixed assets		(52,537)	(6,839)
Receipts from sale of tangible fixed assets		<u>2,000</u>	<u>-</u>
		(571,841)	180,473
Equity dividends paid		-	(250,000)
Decrease in cash	17c	<u><u>(571,841)</u></u>	<u><u>(69,527)</u></u>

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

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007

1 Accounting policies

a) Basis of accounting

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

b) Turnover

Turnover represents the value of work certified during the year net of value added tax

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	25%	on written down value
Computer equipment	33%	on cost

d) Stocks

Stock represents cost of raw materials this is determined on the first in first out basis and is valued at the lower of cost and net realisable value

e) Deferred taxation

Deferred tax is provided for in respect of any material tax effects relating to timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date

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. Exchange differences are taken to the profit and loss account for the year

g) Operating lease transactions

Rentals under operating leases are charged to the profit and loss account as they fall due

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

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

2 Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company

	<u>2007</u>	<u>2006</u>
	£	£
Turnover analysed by geographical area:		
United Kingdom	7,338,618	10,259,968
Sales - Dubai	75,485	-
	<u>7,414,103</u>	<u>10,259,968</u>

3 Operating (loss)/profit

This is stated after charging

	<u>2007</u>	<u>2006</u>
	£	£
Depreciation of owned assets	33,666	29,084
Loss on disposal of tangible fixed assets	602	-
Loss on foreign exchange	17,697	1,200
Auditors' remuneration - audit fee	9,580	17,250
Auditors' remuneration - fees for non audit services	6,110	4,010
Operating lease rentals - other assets	22,521	26,111
	<u>22,521</u>	<u>26,111</u>

4 Employee information

	<u>2007</u>	<u>2006</u>
	£	£
Staff costs:		
Wages and salaries	817,776	859,491
Social security costs	87,687	106,855
Other pension costs	376	215,000
Other staff costs	18,209	6,570
	<u>924,048</u>	<u>1,187,916</u>

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

	<u>2007</u>	<u>2006</u>
	Number	Number
Administration and management	14	13
Construction	6	6
	<u>20</u>	<u>19</u>

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

5 Directors' emoluments

	<u>2007</u>	<u>2006</u>
	£	£
Emoluments	273,566	382,135
Pensions contributions	-	215,000
	<u>273,566</u>	<u>597,135</u>

The remuneration of the highest paid director was

Emoluments	113,622	153,896
Company contributions to personal pension scheme	-	215,000
	<u>113,622</u>	<u>368,896</u>

During the current year, none of the directors (2006 one director) accrued benefits under a personal pension scheme

6 Pension commitments and other post-retirement benefits

The company makes contributions into personal pension schemes. The pension cost and charge relates to this and amounted to £376 (2006 £215,000)

7 Interest payable and similar charges

	<u>2007</u>	<u>2006</u>
	£	£
On bank overdrafts	598	-

8 Taxation on profit on ordinary activities

	<u>2007</u>	<u>2006</u>
	£	£
United Kingdom corporation tax at 30% marginal relief	17,048	97,802
Profit on ordinary activities before taxation	50,241	354,945

Factors affecting tax charge for the year

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	15,072	106,484
Effects of		
Expenses/(income) not deductible for tax purposes	7,792	(297)
Depreciation in excess of capital allowances	3,027	2,296
Small companies marginal relief	(8,843)	(10,681)
Current tax charge for the year	<u>17,048</u>	<u>97,802</u>

9 Dividends

	<u>2007</u>	<u>2006</u>
	£	£
On equity shares:		
Interim of £Nil per ordinary share paid (2006 £2,500 00)	-	250,000

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

10 Tangible fixed assets

	Motor vehicles	Equipment, fixtures and fittings	Total
	£	£	£
Cost:			
At 1 January 2007	107,804	37,992	145,796
Additions	49,883	2,654	52,537
Disposals	(3,950)	-	(3,950)
At 31 December 2007	<u>153,737</u>	<u>40,646</u>	<u>194,383</u>
Depreciation:			
At 1 January 2007	49,247	17,716	66,963
Provision for the year	24,040	9,626	33,666
Adjustments for disposals	(1,348)	-	(1,348)
At 31 December 2007	<u>71,939</u>	<u>27,342</u>	<u>99,281</u>
Net book value:			
At 31 December 2007	<u>81,798</u>	<u>13,304</u>	<u>95,102</u>
At 31 December 2006	<u>58,557</u>	<u>20,276</u>	<u>78,833</u>

11 Stocks

	2007	2006
	£	£
Raw materials	<u>900</u>	<u>-</u>

12 Debtors

	2007	2006
	£	£
Amounts recoverable under contracts	1,593,984	1,815,984
Amounts owed by group undertakings	275,000	304,700
Other debtors	161,166	249,010
Prepaid expenses and accrued income	39,207	53,042
Corporation tax repayments due	11,365	-
	<u>2,080,722</u>	<u>2,422,736</u>
Amounts due in more than one year		
Amounts recoverable under contracts	-	17,673
	<u>2,080,722</u>	<u>2,440,409</u>

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

13 Creditors: amounts falling due within one year

	<u>2007</u>	<u>2006</u>
	£	£
Trade creditors	1,980,011	2,731,895
Other creditors	3,204	66,030
Corporation tax	-	15,302
Other tax and social security	147,577	290,749
Accruals and deferred income	45,879	16,100
	<u>2,176,671</u>	<u>3,120,076</u>
Amounts due in more than one year		
Amounts payable under contracts	3,465	7,612
	<u>2,180,136</u>	<u>3,127,688</u>

The company has entered into a cross company guarantee with a group of seven other companies held under common control for a bank facility. The borrowings are covered by a way of letter of guarantee between the companies. Under this facility, the total amount on deposit with the bank by other companies at the year end were in excess of the amounts overdrawn.

14 Called up share capital

	<u>2007</u>	<u>2006</u>
	£	£
Authorised		
Equity shares:		
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 Profit and loss account

	<u>2007</u>	<u>2006</u>
	£	£
At 1 January 2007	508,832	501,689
Profit for the year	33,193	257,143
Dividends paid (note 9)	-	(250,000)
At 31 December 2007	<u>542,025</u>	<u>508,832</u>

16 Reconciliation of movement in shareholder's funds

	<u>2007</u>	<u>2006</u>
	£	£
Profit for the year	33,193	257,143
Dividends	-	(250,000)
Retained profit for the year	33,193	7,143
Shareholder's funds at 1 January 2007	<u>508,932</u>	<u>501,789</u>
Shareholder's funds at 31 December 2007	<u>542,125</u>	<u>508,932</u>

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

17 Notes to the cash flow statement

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

	2007	2006
	£	£
Operating (loss)/profit	(25,305)	314,096
Depreciation charges	33,666	29,084
Loss on sale of fixed assets	602	-
Increase in stock	(900)	-
Decrease in debtors	371,052	430,810
Decrease in creditors	(932,250)	(494,669)
Net cash (outflow)/inflow from operating activities	<u>(553,135)</u>	<u>279,321</u>

b) Analysis of change in net debt

	Brought forward	Cash flows	Carried forward
Cash at bank and in hand	<u>1,117,378</u>	<u>(571,841)</u>	<u>545,537</u>

c) Reconciliation of net cash flow to movement in debt

	2007	2006
	£	£
Net decrease in cash	(571,841)	(69,527)
Net funds at 1 January 2007	1,117,378	1,186,905
Net funds 31 December 2007	<u>545,537</u>	<u>1,117,378</u>

18 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 December 2007 were as set out below

	2007 Other	2006 Other
	£	£
Operating leases which expire.		
Within one year	21,324	-
Within two to five years	-	26,111
	<u>21,324</u>	<u>26,111</u>

19 Ultimate parent company

Throughout the current and previous year the ultimate and immediate parent company is McArdle Holdings Limited, a company registered in England and Wales. McArdle Holdings Limited had ultimate control throughout the current and previous year due to the fact that it holds 100% of the issued share capital.

J McArdle is a director of the ultimate parent company.

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Related parties

During the current and previous years the following companies were related to McArdle Sport-tec Limited due to the controlling equity interest of J McArdle and family in all companies

- J McArdle Contracts Limited
- McArdle Stabilisation Limited
- McArdle Environmental and Construction Services Limited
- First Geotechnics Limited
- Barrier Lining Systems Limited
- McArdle Equestrian Surfaces Limited

The companies are all incorporated in England and Wales

All the transactions between the companies during the year ended 31 December 2007 were at arm's length and represented the provision of goods and services

The following transactions took place

	2007	2006
	£	£
Sales		
McArdle Environmental and Construction Services Limited	-	3,156
McArdle Equestrian Surfaces Limited	50,955	60,401
	<u>2007</u>	<u>2006</u>
	£	£
Management fees receivable		
McArdle Equestrian Surfaces Limited	-	16,506
	<u>2007</u>	<u>2006</u>
	£	£
Purchases		
J McArdle Contracts Limited	6,254	16,868
First Geotechnics Limited	-	550
Barrier Lining Systems Limited	-	9,000
McArdle Stabilisation Limited	-	604
McArdle Equestrian Surfaces Limited	2,840	-
	<u>2007</u>	<u>2006</u>
	£	£

MCARDLE SPORT-TEC LIMITED

Notes to the financial statements for the year ended 31 December 2007 (continued)

20 Related parties (continued)

	<u>2007</u>	<u>2006</u>
	£	£
Rent payable		
McArdle Holdings Limited	<u>50,000</u>	<u>49,667</u>

	<u>2007</u>	<u>2006</u>
	£	£
Interest payable on loan		
McArdle Holdings Limited	<u>25,000</u>	<u>-</u>

At the year end the following balances existed:

	<u>2007</u>	<u>2006</u>
	£	£
Included in debtors:		
J McArdle Contracts Limited	-	123,567
McArdle Equestrian Surfaces Limited	161,166	121,374
McArdle Holdings Limited	275,000	304,700
First Geotechnics Limited	-	312
McArdle Environmental and Construction Services Limited	-	3,657

Included in creditors:

	<u>2007</u>	<u>2006</u>
	£	£
J McArdle Contracts Limited	308	-
McArdle Stabilisation Limited	-	1,442