

Company Registration No. 02577464 (England and Wales)

SPORTS TRADERS ALLIANCE GROUP LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2005



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SPORTS TRADERS ALLIANCE GROUP LIMITED

COMPANY INFORMATION

Director	W Robertson
Secretary	D Robshaw
Company number	02577464
Registered office	93-99 Crickdale Road Swindon Wiltshire SN2 1AB
Auditors	Robson Taylor Charter House, The Square Lower Bristol Road, Bath, BA2 3BH
Bankers	National Westminster Bank plc PO Box 1680 Bath BA1 3TJ

SPORTS TRADERS ALLIANCE GROUP LIMITED

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SPORTS TRADERS ALLIANCE GROUP LIMITED

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 JANUARY 2005

The director presents his report and financial statements for the year ended 31 January 2005.

Principal activities

The principal activity of the company continued to be that of a U.K. buying group for the sportswear and sports equipment independent retail sector.

During the course of the year the company transferred its loss making distribution division to a major wholesale supplier, who is also a member of the buying group. This transfer incurred substantial stock write off and redundancy costs, which are reflected in these accounts. The transfer has allowed the management of the company to focus all of its resources on developing the profitable remainder of the buying group.

Director

The following director has held office since 1 February 2004:

W Robertson

Director's interests

The director's interest in the shares of the company was as stated below:

	Ordinary shares of £ 1 each	
	31 January 2005	1 February 2004
W Robertson	-	-
	Preference shares of £ 1 each	
	31 January 2005	1 February 2004
W Robertson	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Robson Taylor be reappointed as auditors of the company will be put to the Annual General Meeting.

SPORTS TRADERS ALLIANCE GROUP LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

Director's responsibilities

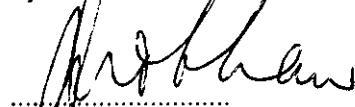
Company law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the director is required to:

- 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



.....
D Robshaw

Secretary

6/9/05
.....

SPORTS TRADERS ALLIANCE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPORTS TRADERS ALLIANCE GROUP LIMITED

We have audited the financial statements of Sports Traders Alliance Group Limited on pages 4 to 11 for the year ended 31 January 2005. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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 the director and auditors

As described in the statement of director's responsibilities on page 2 the company's director is 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 director's 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 director's remuneration and transactions with the company is not disclosed.

We read the director's report and consider the implications for our report if we become aware of any apparent misstatements within it.

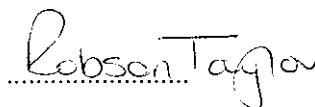
Basis of audit opinion

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 director 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 January 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Robson Taylor
Registered Auditor and Chartered Accountants
Charter House, The Square
Lower Bristol Road,
Bath, BA2 3BH

7 September 2005

SPORTS TRADERS ALLIANCE GROUP LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JANUARY 2005

	Notes	2005 £	2004 £
Turnover		12,636,519	14,162,773
Cost of sales		(12,051,405)	(13,348,468)
Gross profit		<u>585,114</u>	<u>814,305</u>
Administrative expenses		(932,071)	(796,160)
Operating (loss)/profit	2	<u>(346,957)</u>	<u>18,145</u>
Other interest receivable and similar income		2,344	(80)
Interest payable and similar charges		(27,879)	(9,463)
(Loss)/profit on ordinary activities before taxation		<u>(372,492)</u>	<u>8,602</u>
Tax on (loss)/profit on ordinary activities	3	63,901	(8,178)
(Loss)/profit on ordinary activities after taxation		<u>(308,591)</u>	<u>424</u>
Dividends		-	(89,800)
Retained loss for the year	11	<u><u>(308,591)</u></u>	<u><u>(89,376)</u></u>

SPORTS TRADERS ALLIANCE GROUP LIMITED

BALANCE SHEET AS AT 31 JANUARY 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	4		169,292		114,509
Current assets					
Stocks		20,000		324,282	
Debtors	5	2,052,857		1,901,669	
Cash at bank and in hand		1,794		28,800	
		<u>2,074,651</u>		<u>2,254,751</u>	
Creditors: amounts falling due within one year	6	<u>(2,200,580)</u>		<u>(2,069,780)</u>	
Net current (liabilities)/assets			(125,929)		184,971
Total assets less current liabilities			43,363		299,480
Creditors: amounts falling due after more than one year	7		(60,916)		(65,221)
Provisions for liabilities and charges	8		62,309		(1,592)
			<u>44,756</u>		<u>232,667</u>
Capital and reserves					
Called up share capital	10		101,900		2,000
Revaluation reserve	11		70,680		-
Other reserves	11		100		152,593
Profit and loss account	11		(127,924)		78,074
Shareholders' funds			<u>44,756</u>		<u>232,667</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 6.09.05



W Robertson
Director

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JANUARY 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	50 years straight line basis
Land and buildings Leasehold	10% straight line basis
Fixtures, fittings & equipment	20% straight line basis
Motor vehicles	20% straight line basis

1.6 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

2 Operating (loss)/profit

	2005	2004
	£	£
Operating (loss)/profit is stated after charging:		
Amortisation of intangible assets	-	20,000
Depreciation of tangible assets	18,701	16,847
Auditors' remuneration	6,000	7,000
Director's emoluments	71,667	52,862

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

3	Taxation	2005 £	2004 £
	Domestic current year tax		
	U.K. corporation tax	-	8,027
	Adjustment for prior years	-	260
	Current tax charge	-	8,287
	Deferred tax		
	Deferred tax charge/credit current year	(63,901)	(109)
		<u>(63,901)</u>	<u>8,178</u>

The company has estimated losses of £ 329,480 (2004: £ nil) available for carry forward against future trading profits.

4	Tangible fixed assets	Land and buildings £	Plant and machinery etc £	Total £
	Cost or valuation			
	At 1 February 2004	105,767	61,592	167,359
	Additions	-	2,804	2,804
	Revaluation	70,680	-	70,680
	At 31 January 2005	<u>176,447</u>	<u>64,396</u>	<u>240,843</u>
	Depreciation			
	At 1 February 2004	17,080	35,770	52,850
	Charge for the year	6,096	12,605	18,701
	At 31 January 2005	<u>23,176</u>	<u>48,375</u>	<u>71,551</u>
	Net book value			
	At 31 January 2005	<u>153,271</u>	<u>16,021</u>	<u>169,292</u>
	At 31 January 2004	<u>88,687</u>	<u>25,822</u>	<u>114,509</u>

The freehold property 99 Cricklade Road has been revalued in the accounts to £150,000, being the amount the property was sold for post year end.

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

5 Debtors	2005 £	2004 £
Trade debtors	1,270,064	1,048,819
Amounts owed by group undertakings and undertakings in which the company has a participating interest	767,029	817,040
Other debtors	15,764	35,810
	<u>2,052,857</u>	<u>1,901,669</u>

6 Creditors: amounts falling due within one year	2005 £	2004 £
Bank loans and overdrafts	979,653	1,005,308
Trade creditors	1,162,741	1,006,876
Taxation and social security	17,427	17,097
Other creditors	40,759	40,499
	<u>2,200,580</u>	<u>2,069,780</u>

Included within bank borrowing are debt factoring advances of £787,052 (2004 - £780,842) which are secured on the trade debtors balance.

7 Creditors: amounts falling due after more than one year	2005 £	2004 £
Bank loans	<u>60,916</u>	<u>65,221</u>
Analysis of loans		
Wholly repayable within five years	<u>68,804</u>	<u>91,109</u>
	68,804	91,109
Included in current liabilities	<u>(7,888)</u>	<u>(25,888)</u>
	<u>60,916</u>	<u>65,221</u>

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

8 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 February 2004	1,592
Profit and loss account	(63,901)
	<u> </u>
Balance at 31 January 2005	<u>(62,309)</u>

Deferred taxation provided in the financial statements is as follows:

	2005 £	2004 £
Accelerated capital allowances	292	1,592
Tax losses available	(62,601)	-
	<u> </u>	<u> </u>
	<u>(62,309)</u>	<u>1,592</u>

9 Pension costs

The company operates a 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.

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

10 Share capital	2005 £	2004 £
Authorised		
101,500 Ordinary shares of £1 each	101,500	2,000
500 Preference shares of £1 each	500	500
	<u>102,000</u>	<u>2,500</u>
 Allotted, called up and fully paid		
101,500 Ordinary shares of £1 each	101,500	1,500
400 Preference shares of £1 each	400	500
	<u>101,900</u>	<u>2,000</u>

On 24 January 2005 100,000 £1 ordinary shares were issued at par.

A fixed cumulative preferential dividend of 4% over base rate per annum is payable on the preference shares.

The preference shares are redeemable, to be redeemed at £500 per share on the following dates:

50 on 31 March 2005

50 on 30 September 2005

50 on 31 March 2006

50 on 30 September 2006

100 on 31 March 2007

100 on 30 September 2007

During the year 100 £1 preference shares were redeemed according to the agreed schedule.

There are no voting rights attached to preference shares. On a return of capital on liquidation or otherwise, preference share holders are entitled to the priority payment of the redemption value of the shares and any unpaid dividends.

SPORTS TRADERS ALLIANCE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 JANUARY 2005

11 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 February 2004	-	152,593	78,074
Retained loss for the year	-	-	(308,591)
Transfer from other reserves	-	(152,593)	152,593
Purchase of own shares	-	-	(50,000)
Revaluation during the year	70,680	-	-
Movement during the year	-	100	-
Balance at 31 January 2005	<u>70,680</u>	<u>100</u>	<u>(127,924)</u>

Other reserves

Capital redemption reserve

Capital redemption reserve movement	100
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Balance at 31 January 2005	<u>100</u>
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Special reserve

Balance at 1 February 2004	152,593
Special reserve movement	(152,593)

Balance at 31 January 2005	<u>-</u>
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12 Financial commitments

At 31 January 2005 the company had annual commitments under non-cancellable operating leases as follows:

	2005 £	2004 £
Expiry date:		
Between two and five years	<u>27,000</u>	<u>42,000</u>

13 Control

The controlling party is W Robertson by virtue of his shareholding in the parent company, Draw Holdings Ltd.

14 Related party transactions

At the year end the company was owed £767,029 (2004 £817,040) by it's parent company, Draw Holdings Limited.