

Report and Financial Statements

Wembley Leisure Limited

31 December 2003

Registered number 01173914



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Wembley Leisure Limited

DIRECTORS

DC Bromley
MJ Elliott

SECRETARY

DC Bromley

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE

Elvin House
Stadium Way
Wembley
HA9 0DW

Wembley Leisure Limited

DIRECTORS' REPORT

The Directors present the annual report and the audited financial statements for the year ended 31 December 2003.

Results and dividends

The Directors do not recommend payment of a dividend (2002: £nil).

Review of the business

The principal activity of the Company is that of an Investment Company. The results for the year are set out on page 5.

Directors and their interests

The Directors that served during the year were:

BN Potter	- Resigned 17 September 2003
DC Bromley	- Appointed 17 September 2003
MJ Elliott	- Appointed 17 September 2003

No Director has any beneficial interest in the shares of the Company.

Share options

DC Bromley has been granted share options under the parent company share option scheme as follows:

	At date of appointment	At 31 December 2003	Date of grant	Exercise price £
DC Bromley	11,644	11,644	15-Mar-96	3.65
	10,864	10,864	27-Feb-97	4.05
	11,013	11,013	15-Apr-99	3.40½
	9,364	9,364	17-Mar-00	5.50
	8,943	8,943	2-Mar-01	6.15
	4,573	4,573	5-Mar-02	6.56

Under this scheme, the number of options granted in the shares of Wembley plc is based on a multiple of annual salary and share price at the date of issue. Grants of options are made at the discretion of the Wembley plc Remuneration Committee. No share options were granted during the period under review.

Options granted prior to 2000 are not exercisable unless Wembley plc's earnings per share, following consultation with the auditors, over the preceding three-year period as a whole has grown in excess of the rate of increase in the Retail Price Index ("RPI") over the same period. Options granted in 2000 are not exercisable unless Wembley plc's growth in earnings per share following consultation with the auditors, over the preceding three-year period exceeds the rate of increase in Retail Price Index by an average of 3%. Options granted in 2001 and beyond similarly have a Retail Price Index plus 3% test, except in circumstances where either the total value of all outstanding options granted to an individual exceeds 4x salary or the value of the options granted to an individual in the year exceeds 1x salary.

Wembley Leisure Limited

DIRECTORS' REPORT (continued)

In these two cases, for those options that cause the excess over either the 4x basic salary or 1x basic salary tests, the requirement increases to Retail Price Index plus 5%.

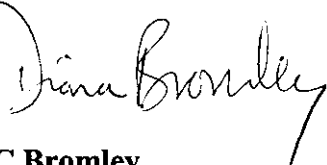
The interests of BN Potter and MJ Elliott in the ultimate parent undertaking, Wembley plc, at 31 December 2003, are disclosed in the financial statements of that company.

According to the register of Directors' interests, no rights to subscribe for shares in, or debentures of, the Company or any other Group Company other than Wembley plc were granted to any of the Directors or their immediate family, or exercised by them during the financial year.

Auditors

A resolution to re-appoint Ernst & Young LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

By order of the Board

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

DC Bromley
Company Secretary
5 May 2004

Wembley Leisure Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 year. 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 and;
- 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 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. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the protection and detection of fraud and other irregularities.

Wembley Leisure Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEMBLEY LEISURE LIMITED

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 15. These financial statements have been prepared on the basis of 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 auditors' 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 United Kingdom law and 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 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 affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP.

Ernst & Young LLP

Registered Auditor

London

5 May 2004

Wembley Leisure Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	2	27	27
Administrative expenses	6	339	376
Operating profit		366	403
Profit on termination of business	3	395	-
Interest payable on bank loans and overdrafts		(1)	(5)
Profit on ordinary activities before taxation	4	760	398
Tax on profit on ordinary activities	8	(9)	(6)
Retained profit for the financial year		751	392

All operations are discontinued.

Historical cost profits and losses are as shown in the profit and loss account for the year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31 December 2003

	2003 £'000	2002 £'000
Profit for the financial year	751	392
Total recognised gains recognised in the year	751	392
Prior year adjustment relating to deferred tax	-	60
Total recognised gains since the last annual report	751	452

Wembley Leisure Limited

BALANCE SHEET

As at 31 December 2003

	Note	2003 £'000	2002 £'000
Current assets			
Debtors	9	534	68
Cash at bank and in hand		10	-
		<u>544</u>	<u>68</u>
Creditors: amounts falling due within one year	10	(7,669)	(7,919)
		<u>(7,125)</u>	<u>(7,851)</u>
Net current liabilities			
Provisions for liabilities and charges	11	(151)	(176)
		<u>(7,276)</u>	<u>(8,027)</u>
Total Assets less current liabilities			
Capital and reserves			
Share capital	12	425	425
Share premium account	13	403	403
Profit and loss account	13	(8,104)	(8,855)
		<u>(7,276)</u>	<u>(8,027)</u>
Equity shareholders' deficit	13		

These financial statements were approved by the Board of Directors on 5 May 2004 and were signed on its behalf by:



MJ Elliott
Director

Wembley Leisure Limited

Notes to the financial statements at 31 December 2003

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of preparation

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

Going concern

The accounts have been prepared on a going concern basis, on the basis of the continuing support from the parent undertaking, Wembley plc. The continuing support of Wembley plc depends on the Company remaining within the Wembley plc group. The accounts do not include any adjustments that could result if the Company was to be sold from the group and not receive the support of the new owner. Such adjustments could include the re-statement of assets and liabilities. The directors believe it is appropriate for the accounts to be prepared on a going concern basis.

Cash flow statement

Under Financial Reporting Standard 1 (FRS1 Revised 1996) 'Cash Flow Statements', the Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

Foreign currencies

Gains or losses on translation of foreign currency inter-company balances are recognised in the Profit and Loss Account. Earnings are translated at average exchange rates during the year. The exchange rates used to express the assets and liabilities of overseas companies in £ sterling are the rates ruling at the end of the financial year.

Deferred taxation

Full provision is made for deferred tax on all material timing differences that have originated but not reversed at the balance sheet date and that may result in an obligation to pay more, or a right to pay less, tax in the future. Deferred tax balances are not discounted. Deferred tax assets are recognised only to the extent that the Directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2 Turnover

Turnover comprises amounts receivable in respect of rent, excluding VAT.

3 Profit on termination of business

A profit of £395,000 was recorded in the year as an unutilised accrual for costs associated with the termination of Wembley Leisure Limited's Japanese business was released. There is no Corporation Tax payable on the release of this accrual (see note 8).

4 Profit on ordinary activities before taxation

The Company paid no audit fees during the year, the audit costs being borne by the ultimate parent company (2002: £nil).

5 Directors' remuneration

The Directors received no emoluments in respect of services provided during the year (2002: £nil).

Wembley Leisure Limited

Notes to the financial statements at 31 December 2003 (continued)

6 Staff numbers and costs

The Company had no employees during the financial year (2002: nil).

7 Administrative expenses

Included within administrative expenses are the following items:

	2003 £'000	2002 £'000
Gain on retranslation of foreign currency inter-company balances	344	376

8 Tax on profit on ordinary activities

	2003 £'000	2002 £'000
<i>Current tax:</i>		
UK corporation tax	-	(2)
<i>Deferred tax:</i>		
Deferred tax charge	9	8
	<u>9</u>	<u>6</u>

The tax assessed on the profit on ordinary activities is different from the anticipated tax charge for the Company at 30%. The difference is reconciled below:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	751	398
Profit on ordinary activities multiplied by UK Corporation Tax rate of 30%	225	119
Non-taxable income	(225)	(121)
Total current tax	<u>-</u>	<u>(2)</u>

9 Debtors

	2003 £'000	2002 £'000
Trade debtors	8	8
Amounts owed by fellow subsidiary undertakings	8	8
Amounts owed by ultimate parent undertaking	475	-
Deferred tax asset	43	52
	<u>534</u>	<u>68</u>

Wembley Leisure Limited

Notes to the financial statements at 31 December 2003 (continued)

10 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Bank overdraft	-	100
Amounts owed to fellow subsidiary undertakings	7,644	7,397
Accruals and deferred income	25	422
	<u>7,669</u>	<u>7,919</u>

11 Provisions for liabilities and charges

	Lease provisions £'000
At 1 January 2003	176
Released in the year	(25)
At 31 December 2003	<u>151</u>

12 Share capital

	2003 £'000	2002 £'000
<i>Authorised</i>		
32,000,000 ordinary shares of 2p each	<u>640</u>	<u>640</u>
<i>Allotted, called up and fully paid</i>		
21,251,893 ordinary shares of 2p each	<u>425</u>	<u>425</u>

13 Reconciliation of movements on reserves and movements in shareholders' deficit

	Share Capital £'000	Share Premium £'000	Profit and loss account £'000	Total shareholders' deficit £'000
At 31 December 2002	425	403	(8,855)	(8,027)
Profit for the year	-	-	751	751
At 31 December 2003	<u>425</u>	<u>403</u>	<u>(8,104)</u>	<u>(7,276)</u>

Wembley Leisure Limited

Notes to the financial statements at 31 December 2003 (continued)

13 Reconciliation of movements on reserves and movements in shareholders' deficit (continued)

	2003 £'000	2002 £'000
Retained profit for the year	751	392
Net movement in shareholders' funds	751	392
Shareholders' funds at 1 January	(8,027)	(8,419)
Shareholders' funds at 31 December	(7,276)	(8,027)

14 Related party transactions

The Company is a wholly owned subsidiary of Wembley plc. Consequently it has taken advantage of the exemption granted by Financial Reporting Standard 8 (FRS8) 'Related Party Disclosures' and has not disclosed transactions with entities that are part of the Wembley plc Group.

15 Ultimate parent undertaking

The ultimate parent undertaking is Wembley plc, which is the parent of both the smallest and largest groups of which the Company is a member. Wembley plc is incorporated in Great Britain and registered in England and Wales. At the date of signing these Financial Statements, Wembley plc is the subject of takeover negotiations, which may or may not lead to a change of ownership of the Wembley plc Group.

The financial statements of Wembley plc may be obtained on application to:

The Company Secretary
Wembley plc
Elvin House
Stadium Way
Wembley HA9 0DW