REGISTRAR

Registered No 3305223

Newcastle United Enterprises Limited

Report and Financial Statements

30 June 2010

WEDNESDAY

AMKYFSVG

A83 30/03/2011 39

COMPANIES HOUSE

Directors
D D Llambias
L Charnley

Secretary
J A Irving

Auditors
Ernst & Young LLP
Citygate
St James' Boulevard
Newcastle upon Tyne
NE1 4JD

Bankers
Barclays Bank PLC
71 Grey Street
Newcastle upon Tyne
NE99 1LG

Solicitors
Freshfields Bruckhaus Deringer
65 Fleet Street
London
EC4Y 1HS

Registered office
St James' Park
Newcastle upon Tyne
NE1 4ST

Directors' report

The directors present their report and financial statements for the year ended 30 June 2010

Results and dividends

The profit for the year of £167,282 has been transferred to reserves (2009 – £197,119) The directors do not recommend payment of a dividend (2009 – £nil)

Principal activity and review of the business

The principal activity of the company is that of a general commercial trading company

The company is a wholly owned subsidiary of Newcastle United Limited

Directors

The directors who held office during the year, at 30 June 2010 and to the date of signing the financial statements were as follows

D D Llambias
L Charnley

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the year (2009 – £nil)

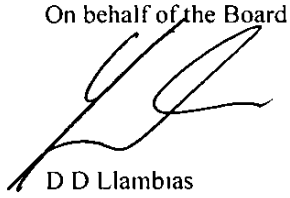
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing its report, of which the auditors are unaware Having made enquiries of the company's auditors, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

On behalf of the Board



D D Llambias
Director
5 January 2011

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 that are sufficient to show and explain the company's transactions and 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 2006 They are 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report

to the members of Newcastle United Enterprises Limited

We have audited the financial statements of Newcastle United Enterprises Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of Newcastle United Enterprises Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Mark Hatton (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Newcastle upon Tyne
5 January 2011

Profit and loss account

for the year ended 30 June 2010

	Notes	2010 £	2009 £
Turnover	2	3,167,282	3,547,119
Operating expenses	3	3,000,000	(3,350,000)
Profit on ordinary activities before taxation		167,282	197,119
Tax on profit on ordinary activities	6	-	–
Profit for the year	10	167,282	197,119

All results are derived from continuing operations

There are no gains and losses in the current and prior years other than the profit recognised above and accordingly no separate statement of total recognised gains and losses has been presented

Balance sheet

at 30 June 2010

Registered No 3305223

	Notes	2010 £	2009 £
Current assets			
Debtors	7	1,409,752	3,411,692
Creditors amounts falling due within one year	8	(550,732)	(2,719,954)
Net assets		859,020	691,738
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	859,018	691,736
	10	859,020	691,738

The financial statements have been approved by the Board of Directors and signed on its behalf by

D D Llambias
Director
5 January 2011

Notes to the financial statements

at 30 June 2010

1. Accounting policies

Newcastle United Enterprises Limited (the 'company') is a company incorporated in the United Kingdom

The company financial statements have been prepared and approved by the directors in accordance with applicable accounting standards

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

The financial statements are presented in sterling and all values are presented to the nearest pound sterling

Measurement convention

The financial statements are prepared on the historical cost basis

Turnover

Turnover represents income arising from sales to third parties, excluding value added tax

Sponsorship contracts are recognised over the duration of the contract, either on a straight-line basis, or over the period of the football season, as appropriate based on the terms of the contract Royalties are recognised as turnover on an earned basis

Taxation

Tax on the result for each period comprises current and deferred tax Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable profits for the period, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable, and

- deferred tax assets are recognised only to the extent that the directors consider that it is 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 an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Notes to the financial statements

at 30 June 2010

1. Accounting policies (continued)

Deferred income

Deferred income comprises amounts received from sponsorship contracts, and is released to the profit and loss account on a straight line basis over the period of the contract

Dividends

Dividends are recognised as a liability in the period in which they are declared

2 Turnover

Turnover, all of which arises from the company's principal activity, arises entirely within the United Kingdom Accordingly no additional business or geographical segmental information is required to be provided

3. Operating expenses

Included within operating profit are the following

	2010 £	*2009* £
Management charge from Newcastle United Football Company Limited	3,000,000	3,350,000

The company's audit fee was borne by the parent company

4. Directors' emoluments

The directors did not receive any remuneration in respect of their services to the company during the current and prior years

5. Staff numbers and costs

The directors were the only employees of the company during the current and prior years

6. Tax on profit on ordinary activities

	2010 £	*2009* £
Current tax		
Current year	-	-
Deferred tax		
Origination and reversal of temporary differences	-	-
Total tax expense in profit and loss account	-	-
Reconciliation of effective tax rate		
Profit before tax	167,282	197,119
Effects of		
Tax using the UK corporation tax rate of 28% (2009 – 28%)	46,839	55,193
Utilisation of tax losses from group undertakings	(46,839)	(55,193)
Total tax expense in the profit and loss account	-	-

Notes to the financial statements

at 30 June 2010

7 Debtors

	2010	*2009*
	£	£
Trade debtors	-	1,943,776
Amounts owed by parent undertaking	1,409,752	1,409,752
Prepayments and accrued income	-	58,164
	1,409,752	3,411,692

8. Creditors. amounts falling due within one year

	2010	*2009*
	£	£
Amounts owed to fellow subsidiary undertakings	550,732	1,091,780
Other taxes and social security	-	253,174
Deferred income	-	1,375,000
	550,732	2,719,954

9 Issued share capital

		2010		*2009*
Allotted, called up and fully paid	*No*	£	*No*	£
Ordinary shares of £1 each	2	2	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company

10. Capital and reserves

	Share capital	*Retained earnings*	*Total*
	£	£	£
Balance at 1 July 2009	2	691,736	691,738
Profit for the year	-	167,282	167,282
Balance at 30 June 2010	2	859,018	859,020

Notes to the financial statements

at 30 June 2010

11. Related parties

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with fellow group companies

12. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Newcastle United Limited The ultimate parent undertaking is MASH Holdings Limited The largest group in which the results will be group is that headed by MASH Holdings Limited

The ultimate controlling party is Mr M J W Ashley