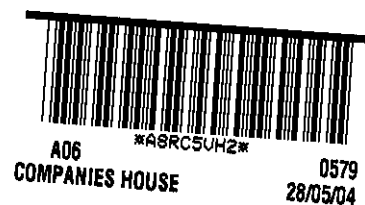


Newcastle United Enterprises Limited

**Director's report and financial
statements**

Registered number 3305223

31 July 2003



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Director's report

The director presents the annual report and the audited financial statements for the year ended 31 July 2003.

Principal activities

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

Business review

The profit for the financial year amounted to £32,504 (2002: £40,909) and has been transferred to reserves. The director considers the results of the company to be satisfactory and anticipates that the current level of trading will continue in future years.

Proposed dividend

The director does not recommend the payment of a dividend.

Director and director's interests

The director who held office during the year was as follows:

WF Shepherd (appointed 20 October 2002)

The director who held office had no disclosable interest in the shares of the company.

The interests of the director in the ordinary shares of the parent company, Newcastle United PLC, are disclosed in the financial statements of that company.

According to the register of director's interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to the director or his immediate family, or exercised by them, during the financial year.

Independent auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG Audit Plc will therefore continue in office.

By order of the board



R Cushing
Secretary

St James' Park
Newcastle upon Tyne
NE1 4ST

14 May 2004

Statement of 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 and of the profit or loss 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;
- state whether applicable 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Report of the independent auditors to the members of Newcastle United Enterprises Limited

We have audited the financial statements on pages 4 to 8.

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 are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 July 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

14 May 2004

Profit and loss account
for the year ended 31 July 2003

	<i>Note</i>	2003 £	2002 £
Turnover	2	1,682,504	1,340,909
Operating expenses	3	(1,650,000)	(1,300,000)
Profit on ordinary activities before taxation	4-5	32,504	40,909
Tax on profit on ordinary activities	6	-	-
Profit for the financial year		32,504	40,909
Profit and loss account brought forward		68,577	27,668
Profit and loss account carried forward		101,081	68,577

All results are derived from continuing operations.

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

Balance sheet

At 31 July 2003

	Note	2003 £	2002 £
Current assets			
Debtors	7	1,658,166	1,409,752
Creditors: amounts falling due within one year	8	(923,750)	(898,750)
Net current assets		734,416	511,002
Deferred income	9	(633,333)	(442,423)
Net assets		101,083	68,579
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account		101,081	68,577
Equity shareholders' funds	11	101,083	68,579

These financial statements were approved by the director on 14 May 2004.


WF Shepherd
 Director

Notes

(forming part of the financial statements)

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.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Newcastle United PLC, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Newcastle United PLC, within which this company is included, can be obtained from the address given in note 13.

Turnover

Turnover comprises income receivable under sponsorship contracts.

Deferred income

Deferred income comprises amounts received from sponsorship income and is released to the profit and loss account as turnover on a straight-line basis over the period to which it relates.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

2 Analysis of turnover

Turnover, all of which arises from the company's principal activity, arises entirely within the United Kingdom.

3 Analysis of operating expenses

	2003 £	2002 £
Management charge from Newcastle United Football Company Limited	1,650,000	1,300,000

4 Remuneration of directors

The director did not receive any remuneration in respect of his services to the company during the year (2002:£nil).

Notes (continued)

5 Staff numbers and costs

The director was the only employee of the company during the current and preceding years.

6 Taxation

No tax charge arises on the profit for either the current or preceding year, due to the utilisation of corporation tax losses from fellow subsidiary undertakings. No payment is made for group relieved losses. The company has no asset or liability for deferred taxation in either the current or preceding year.

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	2003 £	2002 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	32,504	40,909
	<hr/>	<hr/>
Current tax at 30% (2002: 30%)	9,751	12,273
	<hr/>	<hr/>
<i>Effects of:</i>		
Utilisation of tax losses	(9,751)	(12,273)
	<hr/>	<hr/>
Total current tax charge	-	-
	<hr/>	<hr/>

7 Debtors

	2003 £	2002 £
Amounts owed by group undertakings	1,409,752	1,409,752
Prepayments and accrued income	248,414	-
	<hr/>	<hr/>
	1,658,166	1,409,752
	<hr/>	<hr/>

8 Creditors: amounts falling due within one year

	2003 £	2002 £
Amounts owed to group undertakings	757,500	780,625
Other creditors	166,250	118,125
	<hr/>	<hr/>
	923,750	898,750
	<hr/>	<hr/>

Notes (continued)

9 Deferred income

	2003 £	2002 £
Sponsorship income	633,333	442,423

10 Called up share capital

	2003 £	2002 £
<i>Authorised</i> Equity: Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i> Equity: Ordinary shares of £1 each	2	2

11 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the financial year	32,504	40,909
Shareholders' funds at beginning of year	68,579	27,670
Shareholders' funds at end of year	101,083	68,579

12 Related party disclosures

The company is controlled by its parent company, Newcastle United PLC. The ultimate controlling party is Newcastle United PLC.

13 Ultimate parent company

The company is a subsidiary undertaking of Newcastle United PLC.

The only group in which the results of the company are consolidated is that headed by Newcastle United PLC. The consolidated financial statements of this group are available to the public and may be obtained from St James' Park, Newcastle upon Tyne, NE1 4ST.