**Newcastle United Ventures Limited**

# Director's report and financial statements

Registered number 3305231

30 June 2006

AMENDING

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# Director's report

The director presents his director's report and financial statements for the eleven month period ended 30 June 2006

### International Financial Reporting Standards ("IFRSs")

This report represents the first annual results for the company prepared under IFRSs The comparative figures for the year ended 31 July 2005 are required to be restated under IFRSs The changes are presentational only

### Principal activities and business review

The Company did not trade during the year

The Company is a wholly owned subsidiary of Newcastle United PLC On 26 June 2006 the board of Newcastle United PLC announced a change in the Group's accounting preference date from July to June

This change was effective for all subsidiary undertakings, as a result of which this report covers the eleven month period ended 30 June 2006 compared to the year ended 31 July 2005 The comparative figures in the Income statement, Statement of changes in equity, Cash flow statement and related notes are not always directly comparable

### Proposed dividend

The director does not recommend the payment of a dividend *(2005 £nil)*

### Director and director's interests

The director who held office during the year was as follows

WF Shepherd

The director has no disclosable interest in the shares of the company

The interests of the director in the 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

### Political and charitable contributions

The Company made no disclosable political or charitable donations or incurred any political expenditure during the period

### Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirm that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

# Director's report *(continued)*

**Auditors**

Pursuant to a shareholders resolution the Company is not obliged to reappoint 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

27 October 2006

# Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with IFRSs as adopted by the EU and applicable laws

The financial statements are required by law to present fairly the financial position and the performance of the company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRSs as adopted by the EU, 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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

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 Ventures Limited

We have audited the financial statements of Newcastle United Ventures Limited for the 11 month period ended 30 June 2006 which comprise the Income Statement, the Balance Sheet and the related notes 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 International Financial Reporting Standards (IFRSs) as adopted by the EU are set out in the Statement of Directors' Responsibilities on page 3

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 whether the financial statements have been 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 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 audit 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 judgments 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

## Report of the independent auditors to the members of Newcastle United Ventures Limited *(continued)*

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of the company's affairs as at 30 June 2006 and of its result for the 11 month period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

**KPMG Audit Plc** 27 October 2006
*Chartered Accountants*
*Registered Auditor*

## Income Statement

*for the eleven month period ended 30 June 2006*

During the financial period and the preceding financial year the company did not trade and received no income and incurred no expenditure Consequently, during these periods the company made neither a profit nor a loss

## Balance Sheet

*at 30 June 2006*

| | *Note* | **30 June 2006** **£** | 31 July 2005 £ |
|---|---|---|---|
| ASSETS | | | |
| **Current assets** | | | |
| Amounts owed by group undertakings | *6* | **15,768** | 15,768 |
| **Total assets** | | **15,768** | 15,768 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Amounts owed to group undertakings | *6* | **(4,962)** | (4,962) |
| **Total liabilities** | | **(4,962)** | (4,962) |
| **Net assets** | | **10,806** | 10,806 |
| **EQUITY** | | | |
| Issued capital | *5* | **2** | 2 |
| Retained earnings | | **10,804** | 10,804 |
| **Total equity** | | **10,806** | 10,806 |

These financial statements were approved by the director on 27 October 2006

**WF Shepherd**
*Director*

# Notes

*(forming part of the financial statements)*

## 1 Accounting policies

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

The company financial statements have been prepared and approved by the director in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs")

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening IFRS balance sheet at 1 August 2004 for the purposes of the transition to Adopted IFRSs

The Company has not prepared a cashflow statement or a statement of changes in equity due to it being non-trading in the current and preceding financial period

*Transition to Adopted IFRSs*

The Company is preparing its financial statements in accordance with Adopted IFRS for the first time and consequently has applied IFRS 1 An explanation of how the transition to Adopted IFRSs has affected the reported financial position, financial performance and cash flows of the Company is provided in note 8

*Measurement convention*

The financial statements are prepared on the historical cost basis

*Classification of financial instruments issued by the Company*

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company, and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of finance expenses Finance payments associated with financial instruments that are classified in equity are dividends and are recorded directly in equity

*Impairment*

The carrying value of the company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment If any such indication exists, the assets recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the income statement

# Notes *(continued)*

## 1 Accounting policies *(continued)*

***Impairment** (continued)*

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Goodwill, assets that have an identifiable useful life and intangible assets that are not yet available for use were tested at 1 August 2004, the date of transition to Adopted IFRSs, even though no indication of impairment existed

*Calculation of recoverable amount*

The recoverable amount of the Group's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (ie the effective interest rate computed at initial recognition of these financial assets) Receivables with a short duration are not discounted

The recoverable amount of other assets is the greater of their net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs

***Provisions***

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation If the effect is material, provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

***Dividends***

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

***IFRSs available for early adoption not yet applied***

The following Adopted IFRSs were available for early application but have not been applied by the company in these financial statements

- Amendments to IAS 1 "Presentation of Financial Statements" applicable for years commencing on or after 1 January 2007, and
- IFRS 7 "Financial Instruments Disclosure" applicable for years commencing on or after 1 January 2007

The application of Amendments to IAS 1 and IFRS 7 in the current period would not have affected the balance sheet or income statement as the standards are concerned only with disclosure

## 2 Expenses and auditor's remuneration

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

# Notes *(continued)*

## 3 Staff numbers and costs

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

## 4 Director's emoluments

The director did not receive any remuneration in respect of his services to the Company during the period *(2005 £nil)*

## 5 Called up share capital

| | 2005 | 2004 |
|---|---|---|
| | £ | £ |
| ***Authorised*** | | |
| 1,000 Ordinary shares of £1 each | **1,000** | 1,000 |
| ***Allotted, called up and fully paid*** | | |
| 2 Ordinary shares of £1 each | **2** | 2 |
| Shares classified in shareholders' funds | **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

## 6 Related parties

The Company has a related party relationship with its parent company and fellow subsidiary undertakings

*Trading transactions with other group companies*

| | **Amounts owed by group undertakings** | | **Amounts owed to group undertakings** | |
|---|---|---|---|---|
| | **2006** | 2005 | **2006** | 2005 |
| | **£** | £ | **£** | £ |
| Newcastle United Football Company Limited | **15,768** | 15,768 | **4,962** | 4,962 |

*Key management personnel*

The key management personnel is the Director of the Company and fellow directors and senior management of Newcastle United PLC None of the directors (including their immediate families) have interests in the share capital of the Company The interests of those who served during the period (including those of their immediate families) in the share capital of the Company are detailed in the Director's Report, and their interests in Newcastle United PLC are detailed in the financial statements of Newcastle United PLC

# Notes *(continued)*

## 6 Related parties *(continued)*

*Remuneration of key management personnel*

None of the key management personnel received any remuneration from the Company during the current period or prior year, either in the form of short-term employee benefits or post employment benefits

*Transactions with key management personnel*

There were no transactions between the Company and it's key management personnel during the current period or prior year

## 7 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

## 8 Explanation of transition to Adopted IFRSs

As stated in note 1, these are the Company's first financial statements prepared in accordance with Adopted IFRSs

The accounting policies set out in note 1 have been applied in preparing the financial statements for the period ended 30 June 2006, the comparative information presented in these financial statements for the year ended 31 July 2005 and in the preparation of an opening IFRS balance sheet at 1 August 2004 (the Company's date of transition)

In preparing its opening IFRS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP) There are no transitional differences from UK GAAP to Adopted IFRS other than presentational issues