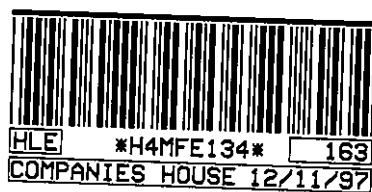


Newcastle United Ventures Limited

Directors' report and financial statements

31 July 1997

Registered number 3305231



DIRECTORS' REPORT AND FINANCIAL STATEMENTS

<i>Contents</i>	<i>Page</i>
Directors' report	2
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7

DIRECTORS' REPORT

The directors present their first annual report and the audited financial statements for the Company for the period from incorporation, 21 January 1997, to 31 July 1997.

Principal Activities

The principal activity of the company is that of product development and sales.

The company was incorporated on 21 January 1997 as Newcastle United Ventures Limited.

Business review

The loss for the period after taxation amounted to £12,527 and has been taken to reserves.

Directors and directors' interests

The directors who held office during the period, together with their dates of appointment were as follows:

J Dixon (appointed 21 January 1997)

AB Price (appointed 21 January 1997)

Neither of the directors who held office at the end of the financial period had any interests in the ordinary share capital of the company.

The interests of the directors in the shares of the parent and ultimate parent undertaking are disclosed in the respective financial statements of those companies.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

Auditors

During the period **Arthur Andersen** were appointed as auditors of the company.

DIRECTORS' REPORT

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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 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, 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 maintaining 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 prevention and detection of fraud and other irregularities.

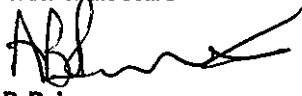
Statement of auditors' responsibilities

Company law requires auditors to form an independent opinion on the accounts presented by the directors based on their audit and to report their opinion to the shareholders. The Companies Act 1985 also requires auditors to report to the shareholders if the following requirements are not met:

- that the Company has maintained proper accounting records;
- that the accounts are in agreement with the accounting records;
- that directors' emoluments and other transactions with directors are properly disclosed in the accounts, and
- that the auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.

The auditors' opinion does not encompass the directors' report. However, the Companies Act 1985 requires auditors to report to the shareholders if the matters contained in the directors' report are inconsistent with the accounts.

By order of the board


A B Price
Secretary

St. James' Park
Newcastle upon Tyne
NE1 4ST
20 October 1997

AUDITORS' REPORT

Auditors' report to the members of Newcastle United Ventures Limited

We have audited the financial statements on pages 5 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

20 October 1997

Arthur Andersen
Chartered Accountants & Registered Auditors
Pearl Assurance House,
7 New Bridge Street,
Newcastle upon Tyne
NE1 8BQ

PROFIT AND LOSS ACCOUNT

for the period from 21 January 1997 to 31 July 1997

	<i>Note</i>	£
Turnover - continuing operations	3	50,689
Operating expenses		<u>(63,216)</u>
Operating loss	4	<u>(12,527)</u>
Loss on ordinary activities before tax		<u>(12,527)</u>
Loss for the financial period	10	<u><u>(12,527)</u></u>

The company has no recognised gains or losses other than those included in the profit and loss account.

The accompanying notes form an integral part of this Company profit and loss account.

BALANCE SHEET

at 31 July 1997

	<i>Note</i>	£	£
Fixed assets			-
Current assets			
Debtors	6	2	
Cash at bank and in hand		-	
		<u>2</u>	
Creditors: amounts falling due within one year	7	<u>(12,527)</u>	
Total net current liabilities			<u>(12,525)</u>
Net liabilities			<u><u>(12,525)</u></u>
Capital and reserves			
Called up share capital	8		2
Profit and loss account	10		<u>(12,527)</u>
Shareholders' funds	9		<u><u>(12,525)</u></u>

These financial statements were approved by the board of directors on 20 October 1997 and were signed on its behalf by:



J Dixon
Director

The accompanying notes form an integral part of this Company balance sheet.

NOTES TO THE ACCOUNTS

1 **Basis of preparation**

The financial statements have been prepared on a going concern basis.

2 **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.

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Newcastle United PLC and its cash flows are included within the consolidated cash flow statement of that company.

Turnover

Turnover represents all income arising from the ordinary activities of the Company excluding value added tax.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

3 **Turnover**

All turnover is derived from the Company's principal activity. The origin and destination of all turnover is the United Kingdom.

4 **Loss on ordinary activities before taxation**

1997
£

*Loss on ordinary activities before taxation is stated
after charging*

Auditor's remuneration:
Audit

500

5 **Taxation**

No tax charge arises on the loss for the period.

NOTES TO THE ACCOUNTS

		1997
		£
6	Debtors	
	Amount owed by immediate parent undertaking	<u>2</u>
7	Creditors: amounts falling due within one year	
	Amounts owed to fellow subsidiary undertaking	<u>(12,527)</u>
8	Called up share capital	
	<i>Authorised</i>	
	1,000 Ordinary shares of £1 each	<u>1,000</u>
	<i>Allotted, called-up and fully paid</i>	
	2 Ordinary shares of £1 each	<u>2</u>
9	Reconciliation of movements in shareholders' funds	
	Issue of share capital on incorporation	2
	Loss for the financial period	<u>(12,527)</u>
	Closing shareholders' funds	<u>(12,525)</u>
10	Reserves	
		Profit and loss account
		£
	Loss for the period	<u>(12,527)</u>

NOTES TO THE ACCOUNTS

II Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Cameron Hall Developments Limited, registered in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Cameron Hall Developments Limited. The smallest group in which they are consolidated is that headed by Newcastle United PLC, a company registered in England and Wales.