

**STADIUM PROPERTY ASSET
MANAGEMENT (NO. 3) LIMITED**

Report and Financial Statements

31 December 2003



STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

E D Healey
P D Healey
M C Crooks
A S Fish
S Willox
P N Swales

SECRETARY

M C Crooks

REGISTERED OFFICE

Welton Grange
Welton
Brough
East Yorkshire
HU15 1NB

AUDITORS

Deloitte & Touche LLP
Leeds

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity is property investment. The directors consider the results for the year to be satisfactory.

RESULTS AND DIVIDENDS

The audited financial statements of the company are set out on pages 5 to 10. The directors do not recommend the payment of a dividend (2002: £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are shown below:

E D Healey
P D Healey
M C Crooks

The directors have no interests in the share capital of the company which are required to be disclosed under Section 234 of the Companies Act 1985. The interests of the directors in the shares of the ultimate parent company, Stadium (Holdings) Limited, are shown in the directors' report of that company.

The following directors were appointed subsequent to the year-end:

A S Fish	(appointed 13 October 2004)
S Willox	(appointed 13 October 2004)
P N Swales	(appointed 15 October 2004)

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M C Crooks
Company Secretary

27 October 2004

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom 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 as at the end of the financial year 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; 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 the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

We have audited the financial statements of Stadium Property Asset Management (No. 3) Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. 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 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 United Kingdom legal and regulatory requirements and 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 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 for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of 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 the company's affairs 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.

Deloitte + Touche LLP

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

27 October 2004

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2003

	Note	2003 £	2002 £
TURNOVER	2	204,584	394,294
Other administrative costs		(135,801)	(64,266)
Exceptional item	5	-	(237,544)
TOTAL ADMINISTRATIVE COSTS		<u>(135,801)</u>	<u>(301,810)</u>
OPERATING PROFIT		68,783	92,484
Interest receivable and similar income		<u>4,316</u>	<u>1,473</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		73,099	93,957
Tax on profit on ordinary activities	6	<u>49,670</u>	<u>(96,000)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR	12	<u>122,769</u>	<u>(2,043)</u>

All results arose from continuing operations.

There were no recognised gains or losses in the year other than those recorded in the profit and loss account above.

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

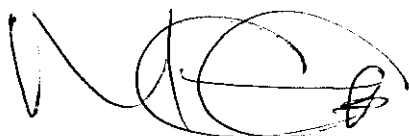
BALANCE SHEET

As at 31 December 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	4,986,061	4,986,061
		<u>4,986,061</u>	<u>4,986,061</u>
CURRENT ASSETS			
Debtors	8	88,276	117,543
CREDITORS: amounts falling due within one year	9	(4,237,831)	(4,340,867)
NET CURRENT LIABILITIES		<u>(4,149,555)</u>	<u>(4,223,324)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		836,506	762,737
Provision for liabilities and charges	10	(97,000)	(146,000)
NET ASSETS		<u>739,506</u>	<u>616,737</u>
CAPITAL AND RESERVES			
Called up share capital	11	1	1
Profit and loss account	12	739,505	616,736
EQUITY SHAREHOLDERS' FUNDS	13	<u>739,506</u>	<u>616,737</u>

These financial statements were approved by the Board of Directors on 27 October 2004.

Signed on behalf of the Board of Directors



M C Crooks
Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding year.

Basis of accounting

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

No cash flow statement has been presented as the company is a wholly owned subsidiary undertaking of Stadium (Holdings) Limited which prepares consolidated financial statements including a cash flow statement dealing with the cash flows of the group.

Investment properties

Investment properties are revalued annually. Surpluses or deficits on individual properties are transferred to the investment revaluation reserve, unless a deficit (or its reversal) is expected to be permanent and which is in excess of any previously recognised surplus over cost relating to the same property, in which case it is charged (or credited) to the profit and loss account. Depreciation is not provided in respect of freehold investment properties or of leasehold investment properties where the unexpired term of the lease is more than 20 years. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules is necessary to provide a true and fair view as required under SSAP 19. If investment properties had been depreciated over their useful economic lives the depreciation charge for the year would be approximately £105,000 and the provision for impairment would be £298,000 lower.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Turnover

Turnover comprises the value of rentals receivable by the company exclusive of VAT.

2. TURNOVER

All of the company's turnover arose in the UK from the company's principal activity.

3. AUDIT FEE

The audit fee has been borne by Stadium City Limited, the company's parent undertaking, in both the current and preceding year.

4. STAFF COSTS

The company has no employees other than the directors. The directors received no remuneration in respect of their services to the company during the current or preceding year.

5. EXCEPTIONAL ITEM

At 31 December 2002 the directors valued the company's investment property in Milton Keynes on an open market basis at £3m. The carrying value exceeded this amount by £237,544 and therefore the asset was written down by this amount to reflect the market value.

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

After performing an updated valuation at 31 December 2003 the directors consider no further impairment provision necessary this year.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax (credit)/charge comprises:

	2003 £	2002 £
Current tax		
UK corporation tax	-	59,000
Adjustment in respect of prior years:		
- UK corporation tax	(670)	-
Deferred tax		
Origination and reversal of timing differences	22,000	44,000
Adjustment in respect of prior years:	(71,000)	(7,000)
	<u>(49,670)</u>	<u>96,000</u>

The differences between the total current tax charged to the profit and loss account and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax are as follows:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>73,099</u>	<u>93,957</u>
Tax at 30% (31 December 2002: 30%) thereon	21,930	28,187
Expenses not deductible for tax purposes		74,834
Capital allowances in excess of depreciation	(22,000)	(44,000)
Group relief received	(670)	(21)
Prior period adjustments	-	-
Other	70	-
Current tax (credit)/charger for year	<u>(67)</u>	<u>59,000</u>

7. TANGIBLE FIXED ASSETS

	Investment properties £
Cost	
At 1 January 2003 and at 31 December 2003	<u>5,223,605</u>
Provision for impairment	
At 1 January 2003 and at 31 December 2003	<u>237,544</u>
Net book value	
At 31 December 2002 and at 31 December 2003	<u>4,986,061</u>

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

7. TANGIBLE FIXED ASSETS (continued)

The company's investment properties were valued by the directors as at 31 December 2003 and 2002 at £4,986,061 on an open market basis.

8. DEBTORS

	2003 £	2002 £
Amounts falling due within one year:		
Trade debtors	60,109	65,557
Corporation tax recoverable	14,700	51,985
Other debtors	1	1
Prepayments	13,466	-
	<u>88,276</u>	<u>117,543</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
VAT	7,765	7,585
Amounts due to immediate parent company (see note 14)	4,182,845	4,283,884
Accruals and deferred income	47,221	49,398
	<u>4,237,831</u>	<u>4,340,867</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES

	2003 £	2002 £
Opening balance	146,000	109,000
(Credit)/charge to the profit and loss account	(49,000)	37,000
Closing balance	<u>97,000</u>	<u>146,000</u>
The deferred tax liability comprises:		
Capital allowances in excess of depreciation	<u>97,000</u>	<u>146,000</u>

11. CALLED-UP SHARE CAPITAL

	2003 £	2002 £
Authorised, allotted, called-up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

STADIUM PROPERTY ASSET MANAGEMENT (NO. 3) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2003

12. PROFIT AND LOSS ACCOUNT

	Profit and loss account £
At 1 January 2003	769
Profit for the financial year	122,679
At 31 December 2003	<u>739,505</u>

13. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit/(loss) for the financial year	44,368	(2,043)
Net addition to/(reduction in) equity shareholders' funds	44,368	(2,043)
Opening equity shareholders' funds	616,737	618,780
Closing equity shareholders' funds	<u>661,105</u>	<u>616,737</u>

14. RELATED PARTY DISCLOSURES

The company's ultimate parent company is Stadium (Holdings) Limited, a company incorporated in Great Britain and registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Stadium (Holdings) Limited. The consolidated financial statements of Stadium (Holdings) Limited are available to the public and may be obtained from the Company Secretary, Welton Grange, Welton, Brough, East Yorkshire, HU15 1NB.

As a subsidiary undertaking of Stadium (Holdings) Limited, the company has taken advantage of the exemption in FRS8 "Related party disclosures" from disclosing transactions with other members of the group headed by Stadium (Holdings) Limited.

The company receives rental income from Jennic Limited, a company of which E D Healey is a director. The total rent received in the year was £204,584 (2002: £394,294). The balance owed by Jennic Limited as at 31 December 2003 was £60,109 (2002: £65,557).