

**REGISTRAR OF
COMPANIES**

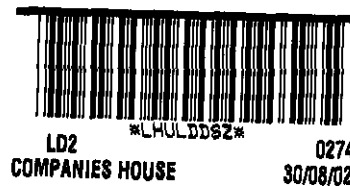
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London International Exhibition Centre Plc

Report and Financial Statements

Year Ended

30 November 2001



BDO

BDO Stoy Hayward
Chartered Accountants

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report and financial statements for the year ended 30 November 2001

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Directors

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Directors

The Rt Hon The Lord King of Bridgewater CH	Peter Nicholas Forster
Iain Lawrie Shearer	Adrian Fook Khiun Chung
Mohamed Shahrin Merican	Charles Henry Gregson
Derek Ernest Arthur Budden	Augustus Ralph Marshall
George Barry Maiden	Peter Chong Leng Ang
William James Buchan	Chan Chee Beng (alternate)
	Adrian David Stark (alternate)
	Robert Christopher Rees (alternate)

Secretary and registered office

John Damian Barber, 115 Park Street, London, W1Y 4DY.

Company number

3458317

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Chairman's statement

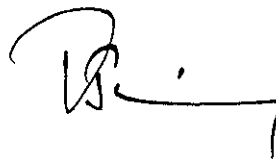
ExCeL has made a significant start as London's newest and world-class exhibition centre. Built to time and on budget, it has now completed its first year of trading in which it hosted over 300 exhibitions and events. As well as creating the building we had to build the team to run it, and I am pleased that the operational performance of the centre has shown consistent improvement through the year. It has been a strong performance, albeit starting in a very challenging market.

The levels of advertising revenue, which are critical to the exhibition and event industry, already under pressure earlier in the year, were further depressed following the September 11th attacks, which had a significant impact on overall visitor numbers. In addition pricing pressures were considerable with keen competition in the UK.

The board recognised in November that the capital structure of the business was inappropriate and the aim at present is to achieve a more balanced debt to equity split. The aim of the business is to achieve an effective recapitalisation during 2002 so that it can move forward with confidence, on a sound financial basis.

Following the successful completion of ExCeL, Iain Shearer, Chief Executive since the inception of ExCeL has become Deputy Chairman, and I welcome Jamie Buchan as the new Chief Executive.

The Rt Hon The Lord King of Bridgewater CH
Chairman



Date 30 August 2002

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance

Although London International Exhibition Centre Plc is not listed on the London Stock Exchange its Bonds are listed on the Luxembourg Stock Exchange. The board still recognises its responsibilities to maintain high standards of corporate governance throughout the company. Consequently the company has decided to conform, in part, with the provisions set out in Section 1 of the Combined Code, which was issued on 25 June 1998.

The following areas represent the principal non-compliances with Section 1 of the Combined Code:

- i) Although the company has a Remuneration Committee which considers and agrees remuneration packages for directors, no Remuneration Report is included within these financial statements, nor are the guidelines in respect of the Remuneration Committee followed in their entirety.
- ii) There are informal procedures in place in respect of training new directors, and allowing Board members to obtain independent professional advice in respect of key business issues.
- iii) The appointment of directors follows the terms set out in the company's Articles of Association. The majority of directors are appointed, and have their re-election terms set, by specific shareholders. As a result there is no Nomination Committee or any formal process in place in respect of appointing independent non-executive directors.

Directors and Board responsibilities

The Board is accountable to the company's shareholders for good governance and the principles identified in the Combined Code are applied by the company. The Board currently consists of three executive and eleven non-executive directors (of which three are alternate directors). These directors possess an appropriate level and range of business experience that is essential to effectively manage a company of this size and complexity.

The non-executive directors are independent of management and free of any relationship which could materially interfere with the exercise of their independent judgement, save for their specific relationships with certain shareholders. They are not eligible to participate in the company share schemes or long term incentive plans. Their interests in the shares of the parent company are shown in its directors' report. The non-executive directors exercise independent judgement on the Board and they monitor the performance of the company and its executive management.

The Board is responsible to shareholders for the proper management of the company and meets at least six times each year. The Board's responsibilities cover key areas of the company's affairs and the formal schedule of matters reserved for the decision of the Board includes the definition of overall company strategy and approval of the financial statements, finance policy, budgets and major capital expenditure proposals. The requirement for Board approval on these matters is communicated to senior management.

To enable the Board to function effectively and directors to discharge their responsibilities, full access is given to all relevant information. In the case of Board meetings this consists of a comprehensive set of papers, including regular business progress reports and discussion documents regarding specific matters.

All directors may seek the advice of the company secretary and independent professional advice in the furtherance of their duties at the company's expense. The company secretary is charged by the Board with ensuring that Board procedures are followed.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Corporate governance (*Continued*)

Remuneration committee and directors' remuneration

The remuneration committee, made up of The Rt Hon The Lord King of Bridgwater CH, Derek Budden, Chan Chee Beng and Shahrin Merican meet as required during the year to approve the total remuneration and reward packages of the executive directors.

Audit Committee

The Audit Committee, which comprises all the non-executive directors, tries to meet at least three times a year. The Audit Committee reviews the adequacy of the company's risk management and internal control systems, accounting policies and compliance with applicable accounting standards. The Audit Committee also considers the appointment of the external auditor and setting of audit fees. The Finance Director and external auditors are invited to attend its meetings. In the past year the Audit Committee met twice.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and obtain outside legal or other independent professional advice as necessary. The external auditors and Board members are afforded the opportunity for separate meetings with the Audit Committee. The Audit Committee keeps the scope and cost effectiveness of the external auditor under review. The independence and objectivity of the external auditors is also considered on a regular basis.

Audit and internal control

The respective responsibilities of the directors and the auditors in connection with the accounts are explained in the directors' report.

The corporate governance disclosures in this report focus on a review of the effectiveness of internal financial controls. The Board of directors has overall responsibility for ensuring that the company maintains adequate systems of internal control (both financial and non-financial). To this end, the Board has, in accordance with Principle D.2 of the Combined Code and the guidance issued by the Turnbull Committee, established a process for identifying, evaluating and managing the significant risks the company faces. The company intends to report on its compliance with the recommendations of the Turnbull Committee in its next report. Any significant risk issues which arise are considered by the directors during board meetings.

The directors are responsible for the company's system of internal financial control, which is designed to provide reasonable but not absolute assurance against material misstatement or loss. Key procedures are as follows:

- (a) An organisation structure is in place which clearly defines responsibilities for accounting, taxation, treasury, legal and company secretarial functions.
- (b) The company prepares a detailed formal budget on a four-monthly basis which is approved by the Board. Results for the company are reported against this budget to the Board.
- (c) The company has clearly defined guidelines for capital expenditure. These include annual budgets, detailed appraisal and review procedures and levels of authority.

The London Stock Exchange Listing Rule – The Model Code

The company's shares are not listed on any market and as such the directors dealings in these shares are restricted only by pre-emptive and other rights of the existing shareholders.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2001

The directors present their report together with the audited financial statements for the year ended 30 November 2001.

Results and dividends

The profit and loss account is set out on page 10 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principal activity of the company is the operation of the ExCeL exhibition centre based at the Royal Docks in London.

In the year to 30 November 2001 ExCeL completed its first year of operation and hosted over 300 events including a number of large shows: CPHI, International Food Exhibition, DSEI (Defence show) and Toy Fair. Positive feedback has been received from all parties involved, from organisers and exhibitors, to public visitors and this positive feedback has been backed up by committed repeat bookings for future shows.

Future developments to the business infrastructure have already commenced with the arrival in April 2002 of the first custom built yacht hotel docked at ExCeL, providing 104 rooms on site. Construction work has also commenced on five out of the seven hotels planned to be built at ExCeL.

Post balance sheet events

ExCeL is currently in negotiations with all the stakeholders of the company to restructure its funding in a way that will ensure its future success. Further details of the progress of these negotiations are set out in note 24.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2001 (*Continued*)

Directors

The directors of the company during the year and to the date of this report were:

The Rt Hon The Lord King of Bridgewater CH (Chairman)

Iain Lawrie Shearer

Derek Cheng Mooi Soong

(resigned 30 November 2001)

Gen (Rtd) Tan Sri Dato' Paduka Mohamed Hashim Bin Mohd Ali

(resigned 25 March 2002)

Robert Christopher Rees

(resigned 18 October 2001)

Chan Chee Beng

(resigned 25 February 2002)

Mohamed Shahrin Merican

Christopher Hunt

(resigned 30 November 2001)

Derek Ernest Arthur Budden

George Barry Maiden

(appointed 21 March 2002)

William James Buchan

(appointed 17 January 2002)

Tony Winterbottom

(resigned 12 April 2001)

Graham Elton

(resigned 8 February 2001)

Peter Nicholas Forster

(appointed 18 October 2001)

Adrian Fook Khiun Chung

(appointed 17 January 2002)

Charles Henry Gregson

(appointed 17 January 2002)

Nicholas John Read

(appointed 8 February 2001,
resigned 12 April 2001)

Timothy Guy Collier

(appointed 12 April 2001,
resigned 17 January 2002)

Augustus Ralph Marshall

(appointed 7 March 2002)

Peter Chong Leng Ang

(appointed 8 May 2002)

Iain Lawrie Shearer holds one share in the company. This share is mortgaged as part of the security on the Bonds in issue. None of the other directors hold any shares in the company.

Directors interests in the shares of the parent company, London International Exhibition Centre Holdings Limited, are shown in the financial statements of that company.

During the year Christopher Hunt was an executive director but resigned from his directorship on 30 November 2001.

Iain Lawrie Shearer, George Barry Maiden and William James Buchan are now the executive directors of the company. All other directors at the year end and to the date of this report are non executive directors.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2001 (*Continued*)

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 of the company for that year. 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 departure 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 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Employees

The company wholeheartedly supports the principle of equal opportunities in employment and opposes all discrimination on the grounds of colour, race, nationality, ethnic origin, creed, sex, sexual orientation, marital status or disability.

Any employee who becomes disabled whilst employed by the company is encouraged to remain in the company's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available, and any necessary training is arranged.

Where practicable, disabled employees are treated equally with all other employees in respect of their eligibility for training, career development and promotion.

Employee involvement

The company has well established communication and consultation procedures with all employee groups. These continually evolve to meet the changing needs of the business and are considered valuable by both management and staff.

Creditor payment policy

The company's creditor policy is to fix terms of payment when agreeing the conditions of each business transaction, to ensure that the supplier is aware of those terms and to abide by the agreed terms of payment. As at 30 November 2001 trade creditors represented 30 days of supplies (30 November 2000 – 30 days) .

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the directors for the year ended 30 November 2001 (*Continued*)

Charitable donations

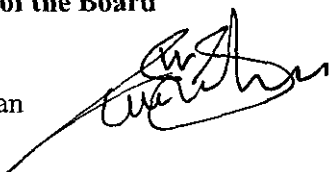
During the year the company made charitable donations of £977 (2000 - £4,037).

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

W J Buchan



Director

30 August 2002

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors

To the shareholders of London International Exhibition Centre Plc

We have audited the financial statements of London International Exhibition Centre Plc for the year ended 30 November 2001 on pages 10 to 25 which have been prepared under the accounting policies set out on pages 14 and 15.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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.

We read other information contained in the annual report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Chairman's Statement and the Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit 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.

Fundamental uncertainty – going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 24 to the financial statements concerning the uncertainty over the future funding of the company. Due to the significance of the fact that the preparation of the financial statements on the going concern basis assumes the successful conclusion of this matter, we consider that these disclosures should be brought to your attention but our opinion is not qualified in this respect.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 November 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
London

30 August 2002

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Profit and loss account for the year ended 30 November 2001

	Note	2001 £'000	2000 £'000
Turnover	2	24,759	161
Administrative expenses		29,305	12,769
Operating loss		(4,546)	(12,608)
Profit from sale of fixed assets		5,632	-
Net interest (payable)/receivable	4	(12,999)	2,474
Loss on ordinary activities before and after taxation	5,15	(11,913)	(10,134)
Accumulated deficit brought forward		(15,747)	(5,613)
Accumulated deficit carried forward		(27,660)	(15,747)

All amounts relate to continuing activities.

There were no material differences between historical cost loss and the amount stated above in either year.

The notes on pages 14 to 25 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Statement of total recognised gains and losses for the year ended 30 November 2001

	Note	2001 £'000	2000 £'000
Loss for the year		(11,913)	(10,134)
Surplus arising on the revaluation of fixed assets	7	1,315	6,163
Total recognised losses for the year		(10,598)	(3,971)

The notes on pages 14 to 25 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

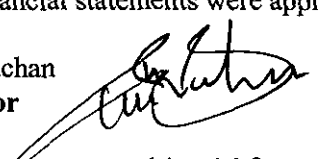
Balance sheet at 30 November 2001

	Note	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Fixed assets					
Tangible assets	7		200,557		177,746
Current assets					
Debtors	8	5,258		9,241	
Cash at bank		-		126	
Bank deposits and bonds - restricted	9	18,506		32,145	
		<u>23,764</u>		<u>41,512</u>	
Creditors: amounts falling due within one year	10	<u>18,003</u>		<u>23,178</u>	
Net current assets			<u>5,761</u>		<u>18,334</u>
Total assets less current liabilities			<u>206,318</u>		<u>196,080</u>
Financed by:					
Creditors: amounts falling due after more than one year	11		176,498		165,654
Capital and reserves					
Called up share capital	12	40,010		40,010	
Revaluation reserve	13	7,478		6,163	
Capital contribution	15	9,992		-	
Profit and loss account		<u>(27,660)</u>		<u>(15,747)</u>	
Shareholders' funds			<u>29,820</u>		<u>30,426</u>
Total financing			<u>206,318</u>		<u>196,080</u>

All shareholders' funds are equity.

The financial statements were approved by the Board on 30 August 2002

W J Buchan
Director



The notes on pages 14 to 25 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Cash flow statement for the year ended 30 November 2001

	Note	2001 £'000	2000 £'000
Net cash inflow/(outflow) from operating activities	18	1,446	(1,863)
Returns on investments and servicing of finance	19	(12,845)	(5,383)
Capital expenditure	19	(22,358)	(111,809)
Cash outflow before use of liquid resources and financing		(33,757)	(119,055)
Management of liquid resources	19	13,639	117,539
Financing	19	19,992	1,640
(Decrease)/increase in cash	20,21,22	(126)	124

The notes on pages 14 to 25 form part of these financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of the multi storey car park, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to third parties, net of VAT.

Deferred income

Deferred income represents monies paid to the company in respect of events to be held after the balance sheet date.

Fixed assets

Costs in relation to the development of the exhibition centre are capitalised and included under the heading 'The Venue'. To the extent that areas of the exhibition centre become completed and become operational, depreciation is charged in respect of the completed element. The multi-storey car park, which is an integral part of the exhibition centre, is included at valuation at existing use.

Depreciation is provided to write off the cost, less estimated residual values, of all other fixed assets over their expected useful lives. It is calculated at the following annual rates:

Motor vehicles	- 25% on cost
Fixtures and fittings	- 20% on cost
Computer equipment and software	- between 20% and 50% on cost
Office equipment	- 25% on cost
Plant and machinery	- 4% on cost
Buildings	- 2% on cost

Bond issue expenses

Costs incurred on the issue of Bonds are netted off against the proceeds of the Bond issue and included within creditors.

These expenses along with any discount or premium on the issue of the Bonds, are amortised over the term of the debt so that the amount charged is at a constant rate on the carrying value. The amortisation charge is capitalised within The Venue in the period up to completion of the exhibition centre, thereafter it is charged to the profit and loss account.

Interest payable and receivable

Interest payable that is directly attributable to the construction of The Venue has been capitalised as part of the cost of this asset during the period of construction. Capitalisation of finance costs ceases when substantially all the activities that are necessary to get The Venue ready for use are complete. Interest receivable is taken directly to the profit and loss account.

Financial instruments

Short term debtors and creditors are not treated as financial assets and liabilities in relation to FRS 13 disclosure requirements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability for asset will crystallise.

2 Turnover, profit and net assets

All turnover, profit and net assets arose from the principal activity of the company and within the UK.

3 Staff costs and directors' emoluments

	2001 £'000	2000 £'000
Staff costs consist of:		
Wages and salaries	3,493	2,940
Social security costs	428	330
Pension costs (defined contribution scheme)	231	145
	<u>4,152</u>	<u>3,415</u>
The average number of staff employed during the year were:	Number	Number
Full time	89	63

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

3 Staff costs and directors' emoluments (*Continued*)

	2001 £'000	2000 £'000
Directors emoluments		
Fees and other emoluments	509	453
Pension contributions (defined contribution scheme)	50	36
	<u>559</u>	<u>489</u>

During the year the highest paid director received emoluments of £333,714 (2000 - £317,499) and pension contributions of £40,890 (2000 - £27,110).

4 Net interest (payable)/receivable

	2001 £'000	2000 £'000
Bond interest payable	(13,694)	(13,694)
Other interest payable	(771)	-
Amortisation of bond issue costs and discounts	(844)	(853)
Net interest capitalised	1,212	11,288
	<u>14,077</u>	<u>3,259</u>
Total interest payable and similar charges	14,077	3,259
Bank interest receivable	1,098	5,733
	<u>(12,999)</u>	<u>2,474</u>

5 Operating loss

	2001 £'000	2000 £'000
This is arrived at after charging:		
Auditors' remuneration - audit services	72	30
- non-audit services	28	45
Depreciation on tangible fixed assets	5,334	245
Loss on sale of fixed assets	416	-
Operating lease payments - Land and buildings	167	167
- Other	118	266
	<u>7,105</u>	<u>713</u>

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

6 Taxation

	2001 £'000	2000 £'000
Factors affecting the tax charge for the period:		
Loss on ordinary activities before taxation	(11,913)	(10,134)
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(3,574)	(3,040)
Tax losses carried forward	3,574	3,040
Current tax charge for the year	-	-

As at the year end the company had tax losses (net of tax computation timing differences) of approximately £36.6 million (2000 - £15.7 million) were available for utilisation in future years subject to agreement with the Inland Revenue.

7 Tangible assets

	The Venue £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or revaluation</i>				
At beginning of year	177,035	42	950	178,027
Revaluation during the year	1,315	-	-	1,315
Additions	26,906	-	527	27,433
Disposals	(707)	-	-	(707)
At end of year	204,549	42	1,477	206,068
<i>Depreciation</i>				
At beginning of year	65	15	201	281
Provided for the year	4,922	11	401	5,334
Disposals	(104)	-	-	(104)
At end of year	4,883	26	602	5,511
<i>Net book value</i>				
At 30 November 2001	199,666	16	875	200,557
At 30 November 2000	176,970	27	749	177,746

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

7 Tangible assets (*Continued*)

Included within the cost of the venue is £16,426,000 (2000 - £15,214,000) of capitalised interest charges and amortised bond issue costs.

Included within The Venue is a multi storey car park, which has been revalued during the year from £6,163,000 to £7,478,000. The year end valuation is based on the statement of final cost met by the developers of the car park as agreed by Gardiner & Theobald, Chartered Surveyors in May 2001. This totalled £7,570,000, the difference being costs incurred and capitalised by the company on the multi storey car park. The directors are not aware of any material change in the value and therefore this valuation has not been updated as at 30 November 2001. A full valuation will be carried out as at 30 November 2002.

Contingent liability

The car park referred to above will be paid for by contributions due from the developers of the various hotels on site, and reflects the value of lost car parking space that the various developments lead to. The car park remains the property of the company.

The sale of the land to the developers is contingent on planning consent being obtained. On obtaining the required planning permission the developers are committed to contribute £4.2m to the cost of the car park. Should planning permission not be granted the developers have the right to terminate the contract.

Barclays Bank plc have acted as guarantor to the building contractors of the car park for the £4.2m. Should the contract be terminated, Barclays Bank plc have recourse to ExCeL to repay on demand the £4.2m.

The directors believe that planning permission will be granted and that the liability will not crystallise.

8 Debtors

	2001 £'000	2000 £'000
Trade debtors	4,811	8,175
VAT recoverable	-	1,033
Other debtors	54	25
Prepayments and accrued income	393	8
	5,258	9,241

All amounts shown under debtors fall due for payment within one year.

9 Bank deposits and bonds

Included within bank deposits and bonds is £10 million (2000 - £13.1 million) in respect of the Class A debt reserve, £1.8 million (2000 - £2.8 million) in respect of the Class B debt reserve and £1.8 million (2000 - £1.8 million) in respect of a counter indemnity account.

The use of these funds is restricted by the terms of the issue document in respect of the Class A Secured Bonds and Class B Subordinated Secured Exchangeable Bonds.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (Continued)

10 Creditors: amounts falling due within one year

	2001 £'000	2000 £'000
Trade creditors	1,731	1,580
Payments due on account for construction	4,376	7,270
Taxation and social security	341	109
Accruals	5,407	3,530
Deferred income	6,148	10,689
	<u>18,003</u>	<u>23,178</u>

11 Creditors: amounts falling due after more than one year

	2001 £'000	2001 £'000	2000 £'000	2000 £'000
Non-convertible debt made up of:				
Class A Secured Bonds	130,000		130,000	
- Premium on issue	4		4	
- Issue costs	(3,389)		(3,682)	
	<u>126,615</u>		<u>126,322</u>	
Class B Subordinated Secured Exchangeable Bonds	47,607		47,607	
- Discount on issue	(6,651)		(7,126)	
- Issue costs	(1,073)		(1,149)	
	<u>39,883</u>		<u>39,332</u>	
Amounts owed to parent company		10,000		-
		<u>176,498</u>		<u>165,654</u>

The £130,000,000 Class A Secured Bonds were issued at 100.003% on 9 April 1999. They bear interest at 7.710% per annum based on their par value, payable in arrears on 25 May and 25 November each year. They are redeemable at par in end-loaded six monthly instalments from 25 November 2004 to 25 November 2015. The bonds are secured by way of a fixed and floating charge over the assets of the company along with a mortgage over the ordinary shares in issue held by a director (one share) and the parent company (remaining shares).

The £47,607,000 Class B Subordinated Secured Exchangeable Bonds were issued at 84.026% on 9 April 1999. They bear interest at 7.710% per annum based on their par value payable in arrears on 25 May and 25 November each year. They are redeemable at par in end-loaded instalments from 25 May 2012 to 25 November 2016. They are exchangeable for Class A Secured Bonds under certain conditions. The security is subordinated to the Class A Bonds.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

11 Creditors: amounts falling due after more than one year (*Continued*)

In addition, £5,951,000 Class B Subordinated Secured Exchangeable Bonds were issued on 9 April 1999 and retained by the company as Cost Overrun Bonds. They could have been sold by the company only in the event that the cost of The Venue over ran.

As the bonds were not required they were cancelled on 31 March 2002.

	2001 £'000	2000 £'000
Capital repayments of the bonds fall as follows:		
In two to five years	12,557	8,536
In more than five years	153,941	157,118
	<u>166,498</u>	<u>165,654</u>

Full details of the terms of the Bonds are included within the Offering Circular dated 31 March 1999.

The board considers the policies needed to manage the company's exposure to risk. The company's financial instruments consisted of cash, secured bonds and an inter company loan. The company does not face any significant foreign exchange risk. The main risks arising from these types of financial instruments are interest rate risk and liquidity risk.

Interest rate risk

The board agrees the policy for managing cash and at the year end held £11.7 million in commercial paper on rates of between 3.84 and 3.88% (2000 - £23.6 million between 5.95 and 6%).

A further £6.8 million was held on various short term deposits at rates between 3 and 5.17% (2000 - £8.5 million between 5.137 and 5.81%).

Further detail on the company's authorised investments can be found in the Bond Offering Circular.

Liquidity risk

The group raised £200 million in 1999 from the Bond issue, which was used for the development of The Venue and to fund the working capital requirements of the business in its initial stages. The company has received further cash of £20 million from its parent company, from which working capital requirements have been met.

During 2001 the board has reviewed the requirements of the group and is at present negotiating for further funding. Further details can be found in note 24 to the financial statements.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

11 Creditors: amounts falling due after more than one year (*Continued*)

Fair values

The company borrowings consist of 'A' and 'B' secured loan stocks and an inter company loan. The directors do not believe it is practicable to estimate the fair value of the 'A' and 'B' secured loan stocks of the company at the balance sheet date for both periods.

The secured 'A' and 'B' loan stocks are listed on the Luxembourg Stock Exchange and to the date of this report there have been no trades in these loan stocks. There are no comparable stocks listed on the exchange from which a value could be estimated. At present the future cash flows of the stocks are not certain, and are inextricably linked to the going concern status of the company (see note 24), and therefore this method was not available to the directors for them to estimate the fair value of their borrowings.

The directors believe that the fair value of the inter company loan is not materially different from its book value.

12 Share capital

	2001 Number	2001 £'000	2000 Number	2000 £'000
<i>Authorised</i>				
Ordinary shares of £1 each	40,010,000	40,010	40,010,000	40,010
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	40,010,000	40,010	40,010,000	40,010

13 Revaluation reserve

	2001 £'000	2000 £'000
At start of year	6,163	-
Revaluation during the year (see note 7)	1,315	6,163
At end of year	7,478	6,163

14 Related party transactions

During the year, the company entered into the following transactions with a related party:

Invoices were rendered by Sir Robert McAlpine Limited, a shareholder in the company's parent company, £36 million (2000 - £130 million) in respect of work performed in connection with the development of the exhibition centre of which £4.4 million (2000 - £7.2 million) was outstanding at the year end.

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

15 Reconciliation of movement in shareholders' funds

	2001 £'000	2000 £'000
Loss for the year	(11,913)	(10,134)
Issue of shares	-	1,640
Revaluation during the year	1,315	6,163
Capital contribution	9,992	-
Movement in shareholders' funds	(606)	(2,331)
Opening shareholders' funds	30,426	32,757
Closing shareholders' funds	29,820	30,426

The capital contribution was received during the year from London International Exhibition Centre Holdings Limited.

16 Capital commitments

Capital commitments entered into but not provided for at the year end amounted to £Nil million (2000 - £28 million), principally in respect of a building agreement with Sir Robert McAlpine Limited, a related party (see note 14).

17 Commitments under operating leases

As at 30 November 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	2001 Land and buildings £	2001 Other £	2000 Land and buildings £	2000 Other £
Operating leases which expire:				
Within one year	61	124	142	267
In two to five years	-	51	-	126
	61	175	142	393

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

18 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2001	2000
	£'000	£'000
Operating loss	(4,546)	(12,608)
Depreciation	5,334	245
Loss on disposal of fixed assets	416	-
Decrease/(increase) in debtors	4,012	(3,926)
(Decrease)/increase in creditors	(3,770)	14,426
Net cash inflow/(outflow) from operating activities	1,446	(1,863)
19 Analysis of cash flows for headings netted in the cash flow statement	2001	2000
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	1,069	8,311
Interest paid	(13,914)	(13,694)
Net cash outflow from returns on investments and servicing of finance	(12,845)	(5,383)
Capital expenditure		
Purchase of fixed assets	(30,140)	(123,097)
Less: Capitalised interest	1,212	10,443
Less: Capitalised bond issue costs	-	845
	(28,928)	(111,809)
Proceeds from sale of land and buildings	6,570	-
Net cash outflow from capital expenditure	(22,358)	(111,809)
Management of liquid resources		
Cash withdrawn from deposits	13,639	117,539
Financing		
Issue of ordinary share capital	-	1,640
Capital contribution	9,992	-
Increase in long term group borrowings	10,000	-
Net cash inflow from financing	19,992	1,640

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 *(Continued)*

20 Reconciliation of net cash (outflow)/inflow to movement in net debt

	2001 £'000	2000 £'000
(Decrease)/increase in cash in the year	(126)	124
Movement in liquid resources from cash flows	(13,639)	(117,539)
Movement in net debt resulting from cash flows	(13,765)	(117,415)
Amortisation of bond issue costs	(844)	(853)
Advance of funds from parent	(10,000)	-
Movement in net debt in the year	(24,609)	(118,268)
Opening net debt	(133,383)	(15,115)
Closing net debt	(157,992)	(133,383)

21 Analysis of net debt

	At 1 December 2000 £'000	Cash flow £'000	Other movements £'000	At 30 November 2001 £'000
Cash in hand and at bank	126	(126)	-	-
Bank deposits	32,145	(13,639)	-	18,506
Debt due in more than one year (see note 11)	(165,654)	(10,000)	(844)	(176,498)
Total	(133,383)	(23,765)	(844)	(157,992)

22 Reconciliation between movement in cash and decrease in cash, bank deposits and bonds

	2001 £'000	2000 £'000
(Decrease)/increase in cash	(126)	124
Cash withdrawn from deposits	(13,639)	(117,539)
Decrease in cash, bank deposits and bonds	(13,765)	(117,415)

LONDON INTERNATIONAL EXHIBITION CENTRE PLC

Notes forming part of the financial statements for the year ended 30 November 2001 (*Continued*)

23 Ultimate parent company

At 30 November 2001 the company's immediate and ultimate parent company was London International Exhibition Centre Holdings Limited.

Copies of the consolidated financial statements of London International Exhibition Centre Holdings Limited, are available from Companies House.

24 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The company has incurred a loss for the year ended 30 November 2001 of £11,913,000 and, at that date, had liabilities of £194,501,000, of which £18,003,000 is repayable within one year. Company budgets for the year to 30 November 2002 indicate that further funding will be required for the company to meet its obligations over the next six months.

During the year ended 30 November 2001 the group successfully raised £20m in two tranches, the final tranche being received in November 2001.

The company has received confirmation from its major shareholder that they have underwritten the issue of up to £6m convertible loan stock at zero coupon following confirmation by bondholders of certain standstill arrangements for interest payments and covenants. The standstill arrangements were voted on and approved by the required proportion of bondholders on 30 July 2002. The proceeds of this issue will be used to fund working capital requirements while on-going negotiations with bondholders and shareholders for debt restructuring and additional equity capital are finalised.

The company continues to take actions to grow the revenues of the business and reduce fixed costs.

In arriving at their conclusion below, the directors have assumed that the negotiations and actions described above are successful. Whilst inherent uncertainty remains, the directors believe there is a reasonable prospect of a successful outcome and the company's ability to continue in operational existence. Accordingly they consider that the going concern basis of preparation continues to be appropriate and consequently the financial statements do not include any adjustments that might be otherwise necessary to asset carrying values and liabilities should this not be the case.