

3458317

**REGISTRAR OF
COMPANIES**

**London International Exhibition Centre
Plc**

Report and Financial Statements

Year Ended

30 November 2003



BDO Stoy Hayward
Chartered Accountants

London International Exhibition Centre Plc

Report and financial statements for the year ended 30 November 2003

Contents

Directors

Page:

1	Chairman's statement
2	Corporate governance statement
5	Report of the directors
9	Report of the independent auditors
11	Profit and loss account
12	Statement of total recognised gains and losses
13	Balance sheet
14	Cash flow statement
15	Notes forming part of the financial statements

Directors

The Rt Hon The Lord King of Bridgwater CH
Mohamed Shahrin Merican
William James Buchan
Timothy John Beswick
Kevin Leslie Murphy

Augustus Ralph Marshall
Peter Chong Leng Ang
Chan Chee Beng (Alternate)
Alan Jack Cole
David Charles Shipley

Secretary and registered office

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

Company number

3458317

Auditors

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

London International Exhibition Centre Plc

Chairman's statement

2003 has been a further year of progress in establishing ExCeL as London's leading Exhibition, Conference and Event Centre. It is increasingly recognised as the new world-class facility that London and the United Kingdom has clearly needed. The scale and flexibility of the exhibition centre itself allows organisers the maximum opportunity to grow their shows, and our own regular research confirms a consistently and remarkably high level of visitor appreciation.

In addition with the opening on the site of three new hotels, the Ramada, Holiday Inn, and Travel Inn, to be followed imminently by Novotel and Ibis hotels, we now have a complete facility unrivalled in this country. In addition a range of other catering and refreshment outlets are part of our continuing programme of improvement.

The year has seen further streamlining of the organisation with a significant reinforcement on the Sales and Marketing side. I would like to thank in particular Peter Mooney, who has now left us, having played a leading role in the successful construction and launch of ExCeL. I welcome Kevin Murphy, formerly MD of EMAP Communications, as Deputy CEO and Commercial Director. I also welcome Rob Mackenzie as Development Director, who was already involved in the launch of London Event Co. As leading figures already in the industry, they bring vast experience to their new roles.

No worthwhile business is ever easy, and ExCeL has never lacked challenges. I would therefore like on behalf of the Board to record our appreciation to Jamie Buchan and all the ExCeL team for their hard work and commitment throughout the past year.

The establishment of such a new large venue does take time, and many potential customers were initially cautious until they had seen positive evidence of ExCeL in action, and change from their existing commitments. That evidence is now clearly available, and I believe that the obvious quality of what we can now offer, and of the enthusiastic and able team involved, give me every encouragement for our future progress.



The Rt Hon The Lord King of Bridgwater CH
Chairman

30 Jan. 2004

London International Exhibition Centre Plc

Corporate governance statement

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.

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 apart from those identified above. The Board currently consists of three executive and seven non-executive directors (of which one is an alternate director). 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 five 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.

Remuneration committee and directors' remuneration

The remuneration committee, made up of Chan Chee Beng, Mohamed Shahrin Merican (Chairman), Alan Cole and David Shipley 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, plans 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.

The members of the Audit Committee are David Shipley (Chair), Alan Cole and Chan Chee Beng.

Audit and internal control

The respective responsibilities of the directors in connection with the financial statements 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, in accordance with Principle D.2 of the Combined Code and the guidance issued by the Turnbull Committee, is establishing a process for identifying, evaluating and managing the significant risks the company faces. The company intends to perform a preliminary review of its compliance with the Turnbull recommendations during 2004 and will provide details 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 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.

London International Exhibition Centre Plc

Corporate governance statement (*Continued*)

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.

Going concern

The directors, having made appropriate enquiries, believe that the Company has adequate resources to continue in operational existence for the foreseeable future. They continue to adopt the going concern basis in preparing the financial statements.

London International Exhibition Centre Plc

Report of the directors for the year ended 30 November 2003

The directors present their report together with the audited financial statements for the year ended 30 November 2003.

Results and dividends

The profit and loss account is set out on page 11 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.

On 27 January 2003 the parent company, London International Exhibition Centre Holdings Plc announced the completion of its refinancing arrangements, following the issue of the refinancing proposals on 19 December 2002. Further details of the refinancing are set out in note 11.

In the year to 30 November 2003 ExCeL hosted approximately 250 events. These included large shows such as World Travel Market, DSEi, International Food and Drink Exhibition, Toy Fair and the London International Wine and Spirits Fair. The feedback for these was overwhelmingly positive, with increased numbers of both visitors and exhibitors reported.

The success of these shows has been reflected in repeat bookings for future events. 2004 is an exciting prospect with the debut of both Hotel Olympia and the Schroder International London Boat Show, ExCeL's largest event to date.

The development of the ExCeL campus continues with the opening of three further hotels during 2003. Two more are due for completion in early 2004. The development of residential apartments, restaurants and pubs also continues.

London International Exhibition Centre Plc

Report of the directors for the year ended 30 November 2003 *(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 Bridgwater CH (Chairman)

William James Buchan

Timothy John Beswick (Appointed 10/04/2003)

Kevin Leslie Murphy (Appointed 19/06/2003)

Alan Jack Cole (Appointed 20/02/2003)

David Charles Shipley (Appointed 10/04/2003)

Mohamed Shahrin Merican

Derek Ernest Arthur Budden (Resigned 10/12/2002)

George Barry Maiden (Resigned 20/12/2002)

Peter Nicholas Forster (Resigned 19/06/2003)

Augustus Ralph Marshall

Peter Chong Leng Ang

Chan Chee Beng (Alternate)

None of the directors have any interest in the share capital of the company.

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

William James Buchan, Timothy John Beswick and Kevin Leslie Murphy are the only executive directors of the company. All other directors at the year end and to the date of this report are non executive directors.

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 would be encouraged to remain in the company's employment, in the same job if this were practicable. If a change of job is necessary, such an employee would be considered for any suitable alternative work which is available, and any necessary training would be 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.

London International Exhibition Centre Plc

Report of the directors for the year ended 30 November 2003 *(Continued)*

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 2003 trade creditors represented 30 days of supplies (2002 – 30 days) .

Charitable donations

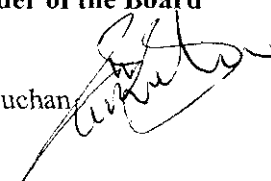
During the year the company made charitable donations of £670 (2002 - £1,382).

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2001. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor.

By order of the Board

W J Buchan


Director

30 January 2004

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 2003 on pages 11 to 28 which have been prepared under the accounting policies set out on pages 15 and 16.

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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

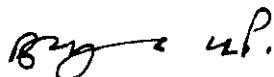
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

30 January 2004

London International Exhibition Centre Plc

Profit and loss account for the year ended 30 November 2003

	Note	2003 £'000	2002 £'000
Turnover	2	17,371	14,686
Administrative expenses		30,404	30,359
Operating loss	5	(13,033)	(15,673)
Profit from land sales		3,533	4,392
Interest receivable and similar income	4	471	558
Interest payable and similar charges	4	(6,600)	(12,966)
Loss on ordinary activities before and after taxation	6,13	(15,629)	(23,689)

All amounts relate to continuing activities.

The notes on pages 15 to 28 form part of these financial statements.

London International Exhibition Centre Plc

Statement of total recognised gains and losses for the year ended 30 November 2003

	2003 £'000	2002 £'000
Loss for the year	(15,629)	(23,689)
Deficit arising on the revaluation of fixed assets	-	(1,377)
Total recognised gains and losses	(15,629)	(25,066)

The notes on pages 15 to 28 form part of these financial statements.

London International Exhibition Centre Plc

Balance sheet at 30 November 2003

	Note	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Fixed assets					
Tangible assets	7		191,429		194,177
Current assets					
Debtors – due within one year	8	6,367		3,971	
– due after more than one year	8	943		-	
Bank deposits and bonds	9	17,230		2,954	
		24,540		6,925	
Creditors: amounts falling due within one year	10	17,939		16,498	
Net current assets/(liabilities)			6,601		(9,573)
Total assets less current liabilities			198,030		184,604
Financed by:					
Creditors: amounts falling due after more than one year					
Non-convertible debt	11		133,374		167,350
Other	11		10,000		12,500
			143,374		179,850
Capital and reserves					
Called up share capital	12	72,233		40,010	
Share premium	13	40,383		-	
Revaluation reserve	13	5,622		5,786	
Capital contribution	13	9,992		9,992	
Profit and loss account	13	(73,574)		(51,034)	
Shareholders' funds - equity	14		54,656		4,754
Total financing			198,030		184,604

All shareholders' funds are equity.

The financial statements were approved by the Board on 30 January 2004

W J Buchan
Director

The notes on pages 15 to 28 form part of these financial statements.

London International Exhibition Centre Plc

Cash flow statement for the year ended 30 November 2003

	Note	2003 £'000	2002 £'000
Net cash outflow from operating activities	16	(6,271)	(9,667)
Returns on investments and servicing of finance	17	(497)	(11,335)
Capital (expenditure)/proceeds	17	(1,456)	2,950
Cash outflow before use of liquid resources and financing		(8,224)	(18,052)
Management of liquid resources	17	(14,276)	15,552
Financing	17	22,500	2,500
Decrease in cash	19,20	-	-

The notes on pages 15 to 28 form part of these financial statements.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003

1 Accounting policies

Basis of preparation

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 value added tax.

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 ExCeL Exhibition Centre are capitalised and included under the heading 'ExCeL Exhibition Centre'. The multi-storey car park, which is not an integral part of the ExCeL 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 were 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 was capitalised within the ExCeL Exhibition Centre in the period up to completion of the exhibition centre; thereafter it is charged to the profit and loss account.

Finance costs

Finance costs are charged to profit over the term of the debt so that the amount charged is at a constant rate on the carrying amount.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (*Continued*)

1 Accounting policies (*Continued*)

Interest payable and receivable

Interest payable that was directly attributable to the construction of the ExCeL Exhibition Centre was capitalised as part of the cost of this asset during the period of construction. Capitalisation of finance costs has now ceased as the ExCeL Exhibition Centre is completed. 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.

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. The company also makes contributions to directors' personal defined contribution schemes.

Liquid resources

Management of liquid resources for the purposes of the cash flow are defined as short term deposits.

Deferred taxation

Deferred tax assets and liabilities arise from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation.

In accordance with FRS 19, deferred tax is provided in respect of all timing differences that have originated, but not reversed, at the balance sheet date that may give rise to an obligation to pay more or less tax in the future. An asset is recognised where there is no uncertainty as to the transfer of future economic benefits. Deferred tax is measured on a non-discounted basis.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

2 Turnover, profit and net assets

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

3 Staff costs and directors' emoluments

	2003 £'000	2002 £'000
Staff costs (including directors' emoluments) consist of:		
Wages and salaries	4,059	3,748
Social security costs	425	457
Pension costs (defined contribution scheme)	163	187
	<u>4,647</u>	<u>4,392</u>
The average number of full time staff employed during the year were:	Number	Number
Support, operations and sales and marketing	<u>72</u>	<u>89</u>
Directors' emoluments		
Fees and other emoluments	664	713
Pension contributions	61	52
Compensation for loss of office	206	-
	<u>931</u>	<u>765</u>

During the year the highest paid director received emoluments of £332,322 (2002 - £229,077) and pension contributions of £36,798 (2002 - £31,250).

Compensation for loss of office was paid to Iain Shearer who resigned as a director on 24 October 2002 and includes a £176,107 payment to his defined contribution pension fund.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

4 Net interest payable

	2003 £'000	2002 £'000
Bond interest	(6,168)	(11,668)
Other interest payable	(44)	(446)
Amortisation of bond issue costs and discounts	(388)	(852)
Total interest payable and similar charges	(6,600)	(12,966)
Bank interest receivable	471	558
	(6,129)	(12,408)

In accordance with FRS 4 A Bond interest continues to be charged to the profit and loss account in order to achieve a charge that is a constant rate on the carrying value of the A Bond debt.

5 Operating loss

	2003 £'000	2002 £'000
This is arrived at after charging:		
Auditors' remuneration - audit services	45	74
- non-audit services	13	25
Depreciation on tangible fixed assets	5,888	5,572
Operating lease payments - Land and buildings	189	154
- Other	77	140
Exceptional item - refinancing costs	3,535	3,671

The exceptional item charged in the profit and loss account relates to the costs incurred in the re-negotiation of the financing of the group (see note 11).

6 Taxation

	2003 £'000	2002 £'000
<i>Tax reconciliation</i>		
Factors affecting the tax charge for the period:		
Loss on ordinary activities before taxation	(15,629)	(23,689)

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

6 Taxation (Continued)

	2003 £'000	2002 £'000
Loss on ordinary activities at standard rate of corporation tax in the UK of 30%	(4,689)	(7,107)
Effects of:		
Expenses not deductible for tax purposes	575	1,899
Capital allowances for period in excess of depreciation	1,761	652
Losses created in year	2,353	4,557
Other timing differences	-	(1)
	<u> </u>	<u> </u>
Current tax charge for period	-	-
	<u> </u>	<u> </u>

As at the year end the company had tax losses (net of tax computation timing differences) of approximately £60.2 million (2002 - £52.6 million) available for utilisation in future years, subject to agreement with the Inland Revenue.

Unrecognised deferred tax

	At 1 December 2002 £'000	Movement in the year £'000	At 30 November 2003 £'000
Accelerated capital allowances	1,249	(17)	1,232
Tax losses	15,773	2,287	18,060
Short term timing differences	-	5	5
	<u> </u>	<u> </u>	<u> </u>
Capitalised interest	17,022 (4,923)	2,275 98	19,297 (4,825)
	<u> </u>	<u> </u>	<u> </u>
Unrecognised deferred tax asset	12,099	2,373	14,472
	<u> </u>	<u> </u>	<u> </u>

The company has not provided for the net deferred tax asset on losses and accelerated capital allowances, as it is prudent to assume that the company will not make sufficient profits in the short term to absorb these amounts.

No provision has been made for deferred tax on the revalued multi storey car park. Tax is only payable in the event that the company makes taxable profits in the year of disposal. At present it is not envisaged that any tax will become payable in the foreseeable future. An estimate of this potential liability at 30 November 2003 is £1.8 million (2002 - £1.8 million).

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

7 Tangible assets

	ExCeL Exhibition Centre £'000	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<i>Cost or valuation</i>				
At beginning of year	203,579	42	1,639	205,260
Additions	2,903	-	247	3,150
Disposals	(3)	(42)	(12)	(57)
At end of year	206,479	-	1,874	208,353
<i>Depreciation</i>				
At beginning of year	10,112	37	934	11,083
Provided for the year	5,587	3	298	5,888
Disposals	-	(40)	(7)	(47)
At end of year	15,699	-	1,225	16,924
<i>Net book value</i>				
At 30 November 2003	190,780	-	649	191,429
At 30 November 2002	193,467	5	705	194,177

Included within the cost of the ExCeL Exhibition Centre is £15.5m (2002 - £15.8m) of capitalised interest charges and amortised bond issue costs.

The ExCeL Exhibition Centre is held on a long leasehold.

Valuation of multi-storey car park

Included within ExCeL Exhibition Centre is a multi storey car park, which was externally revalued in November 2002 at £6.1m. This valuation was performed by Drivers Jonas, on the basis of 'Existing Use Value' as defined in the Appraisal and Valuation manual published by the Royal Institution of Chartered Surveyors. The directors believe that there has been no material change in the value of the multi storey car park since November 2002.

The depreciated historical cost of the multi storey car park is:

	2003 £'000	2002 £'000
Cost	7,520	7,520
Accumulated depreciation based on historical cost	479	314
Depreciated historical cost	7,041	7,206

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

8 Debtors

	2003 £'000	2002 £'000
Amounts receivable within one year		
Trade debtors	5,887	3,046
VAT recoverable	-	156
Prepayments and accrued income	480	769
	<u>6,367</u>	<u>3,971</u>
Amounts receivable after more than one year		
Other debtors	943	-
	<u>943</u>	<u>-</u>

9 Bank deposits and bonds

Included within bank deposits and bonds was £Nil (2002 - £1.8 million) in respect of the Class B debt reserve and £1.8 million (2002 - £1.8 million) in respect of a counter indemnity account.

The use of the Class B debt reserve was restricted by the terms of the issue document in respect of the Class B Secured Bonds until the B Bond conversion in January 2003 (see note 11).

10 Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Trade creditors	914	1,854
VAT payable	616	-
Payments due on account for construction	420	2,611
Accruals	8,853	7,688
Deferred income	7,136	4,345
	<u>17,939</u>	<u>16,498</u>

Included in accruals is £40,410 (2002 - £15,845) relating to amounts payable in respect of pension contributions.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (*Continued*)

11 Creditors: amounts falling due after more than one year

	2003 £'000	2003 £'000	2002 £'000	2002 £'000
Non-convertible debt:				
Class A Secured Bonds	130,000		130,000	
- Premium on issue	4		4	
- Unamortised issue costs	(2,798)		(3,094)	
- Accrued Bond interest	6,168		-	
		133,374		126,910
Class B Subordinated Secured Exchangeable Bonds	-		47,607	
- Discount on issue	-		(6,172)	
- Unamortised issue costs	-		(995)	
		-		40,440
Total non-convertible debt		133,374		167,350
Amounts owed to parent company		10,000		12,500
		143,374		179,850

Reorganisation and refinancing arrangement

On 27 January 2003, the parent company, London International Exhibition Centre Holdings Plc, announced the completion of its refinancing arrangements, following the issue of the refinancing proposals on 19 December 2002.

Under the arrangement the £47.6 million Class 'B' Bonds issued by London International Exhibition Centre Plc were converted into 10% of the equity in the parent company. This was achieved by London International Exhibition Centre Plc issuing 7,223,333 ordinary shares which were subsequently converted into shares in the parent, London International Exhibition Centre Holdings Plc. The company has taken the unamortised discount and issue costs on the B Bonds direct to the profit and loss reserve.

The £130 million 'A' bonds remain, however no interest will accrue on the principal until May 2007 and no payment of interest will be due until May 2008.

In addition, the parent company subscribed for 25 million £1 ordinary shares at par to provide working capital.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (*Continued*)

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

The £130,000,000 Class A Secured Bonds were issued at 100.003% on 9 April 2000. They bear interest at 7.710% per annum based on their par value. Following the completion of the refinancing in January 2003 it was agreed that no interest is payable until May 2008 and the bonds are redeemable at par on 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.

	2003 £'000	2002 £'000
Capital repayments of the bonds fall as follows:		
In two to five years	-	18,000
In more than five years	130,000	159,607
	<u>130,000</u>	<u>177,607</u>

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

An amount of £17.2 million was held on various short term deposits at rates between 3.51% and 3.85% (2002 - £2.9 million between 3.79% and 3.99%).

Liquidity risk

The company raised £200 million in 2000 from the Bond issue, which was used for the development of the ExCeL Exhibition Centre and to fund the working capital requirements of the business in its initial stages. The company received a further £25 million in 2003 from its parent company, from which working capital requirements were met following the completion of the refinancing.

Fair values

The company borrowings consist of Class A secured bonds and an inter company loan. The directors do not believe it is practicable to estimate the fair value of the Class 'A' secured bonds of the company at the balance sheet date for either period.

The secured Class A bonds are listed on the Luxembourg Stock Exchange. There are no comparable stocks listed on the exchange from which a value could be estimated. The directors estimate that the fair value of the A Bonds at the date of signature of these financial statements to be £44.0 million (2002 - £37.9 million). This has been calculated on the basis of discounted cash flows using a discount rate of 16% (2002 - 16%).

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

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

12 Share capital

	2003 Number	2003 £'000	2002 Number	2002 £'000
<i>Authorised</i>				
Ordinary shares of £1 each	72,233,000	72,233	40,010,000	40,010
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	72,233,000	72,233	40,010,000	40,010

As part of the reorganisation and refinancing (see note 11) the company:

- i) On 10 December 2002, increased the authorised share capital of the company by the creation of 25,000,000 ordinary shares of £1 each and 7,223,333 'B' ordinary shares of £1 each.
- ii) On 24 January 2003, issued 25,000,000 ordinary shares at par value of £1 each for cash consideration and 7,223,333 'B' ordinary shares of £1 each were issued at a premium of £5.591 per share in consideration for the cancellation of Class B bonds.

13 Reserves

	Share premium £'000	Capital contribution £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 December 2002	-	9,992	5,786	(51,034)
Transfer relating to depreciation on revalued properties	-	-	(164)	164
Loss for the year	-	-	-	(15,629)
Premium on issue of shares	40,383	-	-	-
Unamortised B Bond costs (see note 11)	-	-	-	(7,075)
At 30 November 2003	40,383	9,992	5,622	(73,574)

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 *(Continued)*

14 Reconciliation of movement in shareholders' funds

	2003 £'000	2002 £'000
Loss for the year	(15,629)	(23,689)
Revaluation during the year	-	(1,377)
Nominal value of shares issued	32,223	-
Premium on shares issued	40,383	-
Unamortised B Bond costs (see note 11)	(7,075)	-
Net addition to shareholders' funds	49,902	(25,066)
Opening shareholders' funds	4,754	29,820
Closing shareholders' funds	54,656	4,754

15 Commitments under operating leases

As at 30 November 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
Operating leases which expire:				
Within one year	218	59	-	70
In two to five years	871	178	-	138
	1,089	237	-	208

16 Reconciliation of operating loss to net cash flow from operating activities

	2003 £'000	2002 £'000
Operating loss	(13,033)	(15,673)
Depreciation	5,888	5,572
Loss on disposal of fixed assets	2	66
(Increase)/decrease in debtors	(3,324)	1,233
Increase/(decrease) in creditors	4,196	(865)
Net cash outflow from operating activities	(6,271)	(9,667)

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

17 Analysis of cash flows for headings netted in the cash flow statement

	2003	2002
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	455	612
Interest paid	(952)	(11,947)
Net cash outflow from returns on investments and servicing of finance	(497)	(11,335)
Capital expenditure		
Purchase of fixed assets	(5,761)	(2,400)
Proceeds from fixed asset sales	8	-
	(5753)	(2,400)
Proceeds from sale of land and buildings	4,425	5,350
Less: Proceeds paid to LDA (see below)	(128)	-
Net cash outflow from capital expenditure	(1,456)	2,950
Management of liquid resources		
(Increase)/decrease in short term deposits	(14,276)	15,552
Financing		
Issue of ordinary shares	25,000	-
(Decrease)/increase in long term borrowings	(2,500)	2,500
Net cash inflow from financing	22,500	2,500

In accordance with an agreement with the London Development Agency ('LDA') part of the proceeds received on the disposal of land and buildings are payable to the LDA.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 (Continued)

18 Reconciliation of net cash outflow to movement in net debt

	2003 £'000	2002 £'000
Cash inflow/(outflow) from changes in liquid resources	14,276	(15,552)
Movement in net debt resulting from cash flows	14,276	(15,552)
Amortisation of bond costs	(388)	(852)
Movement in parent company loan	2,500	(2,500)
Conversion of B Bonds to equity	40,532	-
Interest charged on A Bonds	(6,168)	-
Movement in net debt in the year	50,752	(18,904)
Opening net debt	(176,896)	(157,992)
Closing net debt	(126,144)	(176,896)

19 Analysis of net debt

	At 1 December 2002 £'000	Cash flow £'000	Other non cash movements £'000	At 30 November 2003 £'000
Bank deposits	2,954	14,276	-	17,230
Debt due in more than one year	(179,850)	2,500	33,976	(143,374)
Net debt	(176,896)	16,776	33,976	(126,144)

Non-cash movements

During the year the company:

- i) Converted B Bonds with a value of £40.532 million into equity.
- ii) Charged profits with £0.388 million of bond issue costs.
- iii) Charged profits with £6.168 million of interest on the A Bonds in accordance with FRS 4.

London International Exhibition Centre Plc

Notes forming part of the financial statements for the year ended 30 November 2003 *(Continued)*

20 Ultimate parent company

At 30 November 2003 the company's immediate parent company was London International Exhibition Centre Holdings Plc, and ultimate parent company was Visionary Properties Limited which is incorporated in the British Virgin Islands.

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

21 Related party transactions

During the year invoices were rendered to the company by Sir Robert McAlpine Limited, a party connected to Sir Robert McAlpine (Trade Investments) Limited, a shareholder in London International Exhibition Centre Holdings Plc. The amount invoiced was £2.5 million (2002 - £2.4 million), which was in respect of work performed in connection with the development of the ExCeL Exhibition Centre and in respect of which work £0.4 million is outstanding (2002 - £2.6 million) as at the year end.

22 Post balance sheet events

On 5 January 2004, the company entered into a joint venture arrangement with a third party to develop residual property on part of the site.

23 Contingent liability

The company in the course of its normal business enters into various contractual arrangements which may from time to time give rise to potential contingent liabilities. As at 30 November 2003 the directors do not consider any such liabilities arise.