

**The Blackpool Football Club Limited**  
**Directors' report and financial statements**  
**for the year ended 31 May 2005**





## **The Blackpool Football Club Limited**

### **Company information**

Directors	Mr K S Oyston Mr O J Oyston Mrs V Oyston Mr P Whitehead Mr G Warburton	Wife of Mr O J Oyston  Resigned 18 August 2004
Secretary	Mr Roderick Dyer	
Company number	48409	
Registered office	Bloomfield Road Blackpool FY1 6JJ	
Auditors	A I Cherry Limited Chartered Accountants and Registered Auditors 26 Winckley Square Preston PR1 3JJ	
Business address	Bloomfield Road Blackpool FY1 6JJ	
Bankers	National Westminster Bank plc Lytham Road South Shore Blackpool FY4 1DY	
Bankers	HSBC Bank Plc Oxford Square Blackpool FY4 4YH	

**The Blackpool Football Club Limited**

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## The Blackpool Football Club Limited

### Directors' report for the year ended 31 May 2005

The directors present their report and the financial statements for the year ended 31 May 2005.

#### Principal activity and review of the business

The principal activity of the company is that of a professional football club, which has continued throughout the year.

#### Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

#### Directors and their interests

The directors who served during the year and their interests in the parent company, the Blackpool Football Club (Properties) Limited are as stated below:

		Ordinary shares	
		2005	2004
Mr K S Oyston		25	25
Mr O J Oyston		1,604,694	1,604,694
Mrs V Oyston		1,955	1,955
Mr P Whitehead		-	-
Mr G Warburton	Resigned 18 August 2004	25	25

None of the directors held any shares in The Blackpool Football Club Limited.

Zabaxe Limited, a company owned and controlled by Mr O J Oyston, holds 62,976 ordinary shares of £1 each in the parent company.

#### Charitable and Political Contributions

During the year the company contributed £150 to charities.

#### 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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**The Blackpool Football Club Limited**

**Directors' report  
for the year ended 31 May 2005**

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.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that A I Cherry Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 17th February 2006 and signed on its behalf by



**Mr Roderick Dyer**  
**Secretary**

**The Blackpool Football Club Limited**

**Independent auditors' report to the shareholders of The Blackpool Football Club Limited**

We have audited the financial statements of The Blackpool Football Club Limited for the year ended 31 May 2005 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention and 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 law and United Kingdom Accounting Standards.

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with 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.

**The Blackpool Football Club Limited**

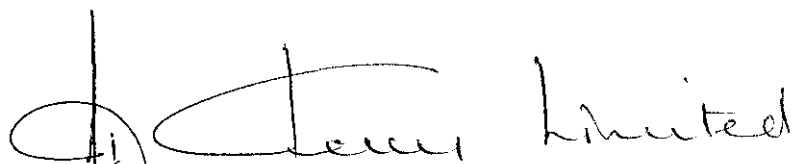
**Independent auditors' report to the shareholders of The Blackpool Football Club Limited continued**

**Fundamental uncertainty**

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the need for continued funding from the parent company remaining available. The financial statements have been prepared on the going concern basis, the validity of which depends on future funding being available. The financial statements do not include any adjustments that would result from a failure to obtain funding. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A I Cherry Limited  
Chartered Accountants and  
Registered Auditors  
26 Winckley Square  
Preston  
PR1 3JJ

Date:

20 February 2006

**The Blackpool Football Club Limited**

**Profit and loss account  
for the year ended 31 May 2005**

**Continuing operations**

		<b>2005</b>	<b>2004</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	3,897,249	4,656,181
Cost of sales		(769,729)	(927,689)
<b>Gross profit</b>		3,127,520	3,728,492
Administrative expenses		(3,416,369)	(3,533,628)
<b>Operating (loss)/profit before players' transfer fees</b>	<b>3</b>	(288,849)	194,864
Players transfer fees	<b>6</b>	55,283	81,682
<b>Profit/(loss) on ordinary activities before interest</b>		(233,566)	276,546
Other interest receivable and similar income	<b>4</b>	1,628	1,656
Interest payable and similar charges	<b>5</b>	(5,088)	(1,355)
<b>(Loss)/retained profit for the year</b>		(237,026)	276,847
Accumulated loss brought forward		(4,611,918)	(4,888,765)
<b>Accumulated loss carried forward</b>		(4,848,944)	(4,611,918)

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 16 form an integral part of these financial statements.




**The Blackpool Football Club Limited**

**Balance sheet  
as at 31 May 2005**

	Notes	2005 £	2004 £
<b>Fixed Assets</b>			
Intangible assets	8	60,625	2,083
Tangible assets	9	44,319	59,364
		<u>104,944</u>	<u>61,447</u>
<b>Current Assets</b>			
Stocks	10	62,811	53,755
Debtors	11	484,656	393,822
Cash at bank and in hand		13,854	123,098
		<u>561,321</u>	<u>570,675</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,415,200)</u>	<u>(5,144,031)</u>
<b>Net Current liabilities</b>		<u>(4,853,879)</u>	<u>(4,573,356)</u>
<b>Total Assets Less Current Liabilities</b>		<u>(4,748,935)</u>	<u>(4,511,909)</u>
<b>Capital and Reserves</b>			
Called up share capital	13	30,000	30,000
Share premium account	14	67,674	67,674
Other reserves	14	2,335	2,335
Profit and loss account	14	(4,848,944)	(4,611,918)
<b>Equity shareholders' funds</b>	15	<u>(4,748,935)</u>	<u>(4,511,909)</u>

The financial statements were approved by the Board on 17/02/06 and signed on its behalf by

  
Mr K S Oyston  
Director

The notes on pages 8 to 16 form an integral part of these financial statements.

**The Blackpool Football Club Limited**

**Cash flow statement  
for the year ended 31 May 2005**

	Notes	2005 £	2004 £
<b>Reconciliation of operating (loss)/profit to net cash outflow from operating activities</b>			
Operating loss /(profit)		(233,566)	276,546
Amortisation of player's transfer fees		38,459	66,329
Depreciation of tangible fixed assets		25,252	31,904
(Increase) / decrease in stocks		(9,056)	9,404
(Increase) / decrease in debtors		(90,834)	(104,873)
Increase / (Decrease) in creditors		89,144	(455,051)
<b>Net cash inflow / (outflow) from operating activities</b>		<b><u>(180,601)</u></b>	<b><u>(175,741)</u></b>
<b>Cash flow statement</b>			
Net cash inflow / (outflow) from operating activities		(180,601)	(175,741)
Returns on investments and servicing of finance	20	(3,460)	301
Capital expenditure	20	(107,205)	(6,033)
		(291,266)	(181,473)
Financing	20	(40,000)	(40,000)
<b>Increase / (Decrease) in cash in the year</b>		<b><u>(331,266)</u></b>	<b><u>(221,473)</u></b>
<b>Reconciliation of net cash flow to movement in net funds (Note 21)</b>			
<b>Increase/(Decrease) in cash in the year</b>		(331,266)	(221,473)
Cash inflow from decrease in debts and lease financing		40,000	40,000
Change in net funds resulting from cash flows		(291,266)	(181,473)
<b>Net funds at 1 June 2004</b>		<b>83,098</b>	<b>264,571</b>
<b>Net funds at 31 May 2005</b>		<b><u>(208,168)</u></b>	<b><u>83,098</u></b>

**The Blackpool Football Club Limited**

**Notes to the financial statements  
for the year ended 31 May 2005**

**1. Accounting policies**

**1.1. Accounting convention**

The financial statements are prepared under the historical cost convention .

**1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax and transfer fees, of sales made during the year.

**1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33 1/3% Straight Line on cost
Plant, machinery and catering equipment	-	10% Straight Line on cost

**1.4. Stock**

Stock is valued at the lower of cost and net realisable value.

**1.5. Deferred taxation**

Provision is made for deferred taxation using the full provision method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that there are sufficient taxable losses to cover potential taxable profits.

**1.6. Going concern**

The accounts are prepared on the going concern basis as the parent company has confirmed that it will make available sufficient financial resources to support the ongoing activities of the company.

**1.7. Players' contracts**

Transfer fees in respect of players' contracts are capitalised at cost and amortised over the period of the contracts.

**1.8. Grants receivable**

Football Association and Football Trust grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute.

**2. Turnover**

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK. The amount of barter transactions for advertising, in turnover, is £1,500 (2004: £9,186).

**The Blackpool Football Club Limited**

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

<b>3. Operating (loss)/profit</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off intangible assets	38,458	66,328
Depreciation and other amounts written off tangible assets	25,252	31,904
Operating lease rentals		
- Plant and machinery	7,110	17,584
Auditors' remuneration	7,750	7,650
Auditors' remuneration from non-audit work and after crediting:	3,383	2,872
Donations from Development Association	394,220	411,377
Grants receivable	129,375	137,100
	<u>          </u>	<u>          </u>
<b>4. Interest receivable and similar income</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Bank interest	1,628	1,656
	<u>          </u>	<u>          </u>
<b>5. Interest payable and similar charges</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	5,088	1,355
	<u>          </u>	<u>          </u>
<b>6. Players' transfer fees</b>		
The (credit)/charge for players' transfer fees comprises	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Amortisation of transfer fees	38,458	66,328
Additional transfer fees received	(100,800)	(155,800)
Transfer fee levy	7,059	7,790
	<u>          </u>	<u>          </u>
	(55,283)	(81,682)

**The Blackpool Football Club Limited**

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

**7. Employees**

**Number of employees**

The average monthly numbers of employees (including the directors) during the year were:	<b>2005</b>	<b>2004</b>
Footballers, coaches and managers	47	44
Administrative staff	26	35
Catering staff	26	13
	<u>99</u>	<u>92</u>

**Employment costs**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	2,146,711	2,249,823
Social security costs	212,487	224,077
Other pension costs	8,988	9,943
	<u>2,368,186</u>	<u>2,483,843</u>

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

8.	Intangible fixed assets	Players' Contracts £	Total £
	Cost		
	At 1 June 2004	187,000	187,000
	Additions	97,000	97,000
	Disposals	(125,000)	(125,000)
	At 31 May 2005	159,000	159,000
	Provision for diminution in value		
	At 1 June 2004	184,917	184,917
	On disposals	(125,000)	(125,000)
	Charge for year	38,458	38,458
	At 31 May 2005	98,375	98,375
	Net book values		
	At 31 May 2005	60,625	60,625
	At 31 May 2004	2,083	2,083

9.	Tangible fixed assets	Computer equipment £	Catering equipment plant and machinery £	Total £
	Cost			
	At 1 June 2004	99,792	184,442	284,234
	Additions	-	10,205	10,205
	At 31 May 2005	99,792	194,647	294,439
	Depreciation			
	At 1 June 2004	98,277	126,591	224,868
	Charge for the year	1,515	23,737	25,252
	At 31 May 2005	99,792	150,328	250,120
	Net book values			
	At 31 May 2005	-	44,319	44,319
	At 31 May 2004	1,515	57,851	59,366

**The Blackpool Football Club Limited**

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

<b>10. Stocks</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Catering and bar stocks	19,850	13,619
Souvenir shop stock	42,961	40,136
	<u>62,811</u>	<u>53,755</u>
<b>11. Debtors</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Trade debtors	244,276	250,297
Other debtors	2,542	4,526
Prepayments and accrued income	237,838	138,999
	<u>484,656</u>	<u>393,822</u>

Included in other debtors is £2,457 (2004: £4,526) owed by the director Mr K Oyston. The maximum balance owed by Mr Oyston during the year was £4,526. The loan is interest free and repayable on demand.

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

12. Creditors: amounts falling due within one year	2005 £	2004 £
Bank overdraft	222,021	-
Secured loan from Blackpool Borough Council	-	40,000
Trade creditors	298,403	163,125
Amounts owed to group undertaking	3,784,890	3,931,716
Other taxes and social security costs	270,065	185,098
Directors' accounts and unsecured loans	400,137	414,637
Other creditors	8,317	4,374
Accruals and deferred income	431,367	405,081
	<u>5,415,200</u>	<u>5,144,031</u>

As at 31 May 2005 HSBC Plc held the benefit of an unlimited guarantee over the parent undertaking, The Blackpool Football Club Properties Limited.

The amount owed to group undertaking represents the amount due to the parent, The Blackpool Football Club Properties Limited. The maximum balance outstanding during the year was £3,931,716.

Directors' accounts and unsecured loans includes £400,137 (2004:£400,137) owed to the director, Mr O J Oyston. The maximum balance owed to Mr Oyston was £603,539. During the year a loan in the amount of £200,000 was taken from the director Mr O J Oyston, this amount was fully repaid during the year ended 31 May 2005. The company was charged interest of £3,403 on the loan of £200,000 from Mr O J Oyston.

The unsecured loans are interest free and repayable on demand.

13. Share capital	2005 £	2004 £
<b>Authorised equity</b>		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
<b>Allotted, called up and fully paid equity</b>		
30,000 Ordinary shares of 1 each	<u>30,000</u>	<u>30,000</u>



**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

14. Equity Reserves	Share premium account £	Profit and loss account £	Capital redemption reserve £	Total £
At 1 June 2004	67,674	(4,611,918)	2,335	(4,541,909)
(Loss)/retained profit for the year	-	(237,026)	-	(237,026)
At 31 May 2005	<u>67,674</u>	<u>(4,848,944)</u>	<u>2,335</u>	<u>(4,778,935)</u>

15. Reconciliation of movements in shareholders' funds	2005 £	2004 £
Profit/(loss) for the year	(237,026)	276,847
Opening shareholders' funds	<u>(4,511,909)</u>	<u>(4,788,756)</u>
Closing shareholders' funds	<u><u>(4,748,935)</u></u>	<u><u>(4,511,909)</u></u>

**16. Transactions with directors**

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing 2005 £	2004 £	Maximum in year £
Mr K S Oyston	<u>2,457</u>	<u>4,526</u>	<u>4,526</u>

**17. Commitments under operating leases and guarantees.**

At 31 May 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Other 2005 £	2004 £
Expiry date:		
Within one year	8,196	6,919
Between one and five years	<u>-</u>	<u>10,296</u>
	<u>8,196</u>	<u>17,215</u>

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

<b>18. Related party transactions</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>

The following income was charged by the company to the following related parties:

Natfarm Limited	5,531	246
Denwis Limited	19,793	1,359
Oyston Steel Estates Limited	-	3,286
Ridings Publishing Company Limited	140	-

During the year the company was charged £188.97 by Denwis Limited, a company owned and controlled by the director Mr O J Oyston.

From April 2002 Denwis Limited occupied an office in the football stadium for a fee of £8,400 per annum.

The following amounts are included in trade debtors (note 11):

Denwis Limited	9,870	1,359
Natfarm Limited	710	8,696
Oyston Steel Estates Limited		3,286

The following amounts are included in trade creditors (note 12):

Denwis Limited	972	
Natfarm Limited	710	-

The director, Mr O J Oyston is a director and majority shareholder of Natfarm Limited and Denwis Limited. Mr O J Oyston is also a majority shareholder of Oyston Steel Estates Limited and Ridings Publishing Company Limited.

**19. Ultimate parent undertaking**

The company is a subsidiary of The Blackpool Football Club (Properties) Limited, a company incorporated in England & Wales, which held 95.3% (2004: 95.3%) of the issued share capital of the Company at 31 May 2005. The Blackpool Football Club (Properties) Limited is controlled by the director, Mr O J Oyston.

**Notes to the financial statements  
for the year ended 31 May 2005**

..... continued

**20. Gross cash flows**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	1,628	1,656
Interest paid	(5,088)	(1,355)
	<u>(3,460)</u>	<u>301</u>
<b>Capital expenditure</b>		
Payments to acquire intangible assets	(97,000)	-
Payments to acquire tangible assets	(10,205)	(6,033)
	<u>(107,205)</u>	<u>(6,033)</u>
<b>Financing</b>		
Repayment of other long term loans	(40,000)	(40,000)

**21. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	123,098	(109,244)	13,854
Overdrafts	-	(222,022)	(222,022)
	<u>123,098</u>	<u>(331,266)</u>	<u>(208,168)</u>
Debt due within one year	(40,000)	40,000	-
<b>Net (debt) / funds</b>	<u>83,098</u>	<u>(291,266)</u>	<u>(208,168)</u>

Transfer fees paid are included under capital expenditure in the cashflow statement and transfer fees received are included in operating profit.