

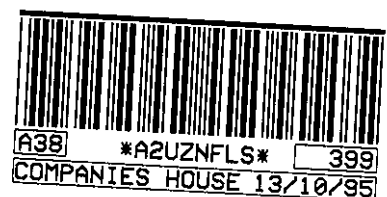
SOUTHAMPTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND

GROUP ACCOUNTS

FOR THE YEAR ENDED

31 MAY 1995



SOUTHAMPTON FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

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SOUTHAMPTON FOOTBALL CLUB LIMITED

President: John Corbett

Vice President: Ted Bates

Directors: F G L Askham, F.C.A (Chairman)

K St J Wiseman, M.A.

I L Gordon

B H D Hunt

M R Richards, F.C.A

L McMenemy

Secretary: B Truscott

Registered Offices: The Dell, Milton Road. Southampton

Registered Number: 53301

Team Manager: D Merrington

Commercial Manager: J O'Sullivan

Bankers: Barclays Bank Plc, Southampton City Branch

Solicitors: Messrs Woodford Ackroyd, Southampton
Messrs Paris Smith & Randall, Southampton

Auditors: Messrs Ernst & Young
Chartered Accountants, Southampton

SOUTHAMPTON FOOTBALL CLUB LIMITED

CHAIRMAN'S STATEMENT

1995 FINANCIAL RESULTS

The profit for the year of £855,447 (after charging net transfer costs of £481,005) compares with a loss in the preceding year of £1,118,365 (after charging net transfer costs of £1,116,877).

FOOTBALL REVIEW

Premier League	1994/1995	54 points	10th position
	1993/1994	43 points	18th position
F A Cup	1994/1995	Ko'd	5th Round
	1993/1994	Ko'd	3rd Round
Coca Cola Cup	1994/1995	Ko'd	3rd Round
	1993/1994	Ko'd	2nd Round

The overall results for last season were satisfactory and, bearing in mind the number of league games drawn, our final league position was creditable.

Our Reserve Team again performed well whilst our Youth Side found results difficult to achieve. We thank Alan Ball for his achievements during the seventeen months he was with us and wish him well in the career move he has chosen.

PROSPECTS

Dave Merrington has been appointed as our Team Manager, a just reward which he earned on merit. We look forward to the challenge of the coming season where once again we shall compete with sides whose financial capabilities are so much greater than ours. We shall, as always, be seeking as high a league position as possible and to progress in Cup Competitions beyond the initial rounds.

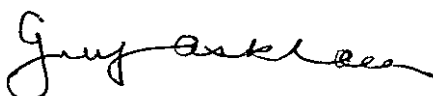
DEVELOPMENTS

The pitches at Staplewood are now in full use and further building work is at the planning stage to enable the whole of our training facilities to be housed on this one site.

We are awaiting the outcome of our further discussions with the local authorities on the Stoneham Interchange Site, a final decision by Hampshire Council Members is anticipated this Autumn.

STAFF

As always I would thank all our staff for their hard work and loyalty.



GUY ASKHAM
Chairman

15 August 1995

SOUTHAMPTON FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 1995

The directors submit their report and the audited financial statements of the group for the year ended 31 May 1995.

1	STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MAY 1995	1995	1994
		£	£
	INCOME		
	The surplus arising on 1st team matches after charging match expenses and shares to visiting clubs, the League and Football Association	3,168,244	1,970,587
	Marketing department earnings from sponsorship, group advertising, programmes and donations	307,714	210,975
	Other income from catering, television, league and kit sponsorship, interest etc	2,324,263	1,665,519
		<u>5,800,221</u>	<u>3,847,081</u>
	EXPENDITURE		
	The cost of player's and coaches' wages, insurance, running of junior teams, other expenses relating to direct team costs	3,261,394	2,961,104
	Overhead expenses, of salaries, occupancy, safety and upkeep and all other administrative costs	866,652	735,516
	Provision for depreciation	<u>130,300</u>	<u>124,327</u>
		<u>4,258,346</u>	<u>3,820,947</u>
	PROFIT FROM PLAYING FOOTBALL	1,541,875	26,134
	TRANSFERS		
	Transfer fees receivable	2,659,737	2,507,500
	Transfer and signing on fees payable	<u>3,140,742</u>	<u>3,624,377</u>
		<u>(481,005)</u>	<u>(1,116,877)</u>
	Profit/(loss) for the year of the company	1,060,870	(1,090,743)
	Loss of subsidiary undertakings	<u>(205,423)</u>	<u>(27,622)</u>
	Retained profit/(loss) for the year transferred to reserves	<u>855,447</u>	<u>(1,118,365)</u>

2 PRINCIPAL ACTIVITY

The company is a Football Club, which participates in the FA Premier League, other Leagues and Cup competitions.

3 FUTURE DEVELOPMENTS

The company has been successful in obtaining planning permission to build a new stadium on the Stoneham site, and negotiations for the acquisition are continuing. Accordingly, the expenditure has been capitalised and shown as assets under development in fixed assets.

SOUTHAMPTON FOOTBALL CLUB LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 1995

4 DIRECTORS

**SHAREHOLDINGS
AT 31 MAY**

1995	1994
3,350	3,350
2,500	2,500
2,500	2,500
2,500	2,500
2,500	2,500
100	100

- (a) F G L Askham
I L Gordon
B H D Hunt
K St J Wiseman
M R Richards
L McMenemy
- (b) The directors retiring by rotation are B H D Hunt and K St J Wiseman who being eligible offer themselves for re-election.

The directors are covered by an indemnity insurance policy maintained by the Company.

5 STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

6 THE STATE OF THE COMPANY'S AFFAIRS is considered satisfactory

7 FIXED ASSETS

The changes in fixed assets are set out in notes 6 and 7.

8 PLAYER'S REGISTRATION

As stated in accounting policy note 1 no underlying value of the registrations of players under contract is reflected in the financial statements. Although not necessarily an indicator of current market value, the players are currently insured for a total of £14.4 million.

9 AUDITORS

A resolution to reappoint Messrs Ernst & Young as auditors will be put to the members at the annual general meeting.

The Dell
Milton Road
Southampton

15 August 1995

BY ORDER OF THE BOARD



Secretary
B Trustcott

REPORT OF THE AUDITORS TO THE MEMBERS OF
SOUTHAMPTON FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 7 to 18 which have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings and on the basis of the accounting policies set out on page 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 5 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on the audit on those financial statements and to report our opinion to you.

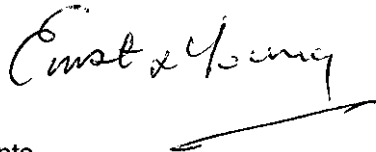
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 May 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Chartered Accountants
Registered Auditor

SOUTHAMPTON

15 August 1995

SOUTHAMPTON FOOTBALL CLUB LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY

	<u>NOTE</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
TURNOVER	1 & 2	10,057,122	7,239,686
Cost of sales		<u>4,821,886</u>	<u>4,381,137</u>
GROSS PROFIT		5,235,236	2,858,549
Administrative expenses		<u>4,280,033</u>	<u>3,988,228</u>
		955,203	(1,129,679)
Other operating income	2	<u>18,070</u>	<u>52,594</u>
OPERATING PROFIT/(LOSS)	2	973,273	(1,077,085)
Interest payable	3	<u>95,598</u>	<u>41,064</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		877,675	(1,118,149)
TAXATION	5	<u>22,228</u>	<u>216</u>
RETAINED PROFIT/(LOSS) FOR THE YEAR		<u>855,447</u>	<u>(1,118,365)</u>
ATTRIBUTABLE TO			
Holding company		1,060,870	(1,090,743)
Subsidiary undertakings		<u>(205,423)</u>	<u>(27,622)</u>

The group has no recognised gains and losses for the year other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

NOTE OF HISTORICAL COST PROFIT AND LOSSES

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Reported profit/(loss) on ordinary activities before taxation	877,675	(1,118,149)
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>70,832</u>	<u>70,832</u>
Historical cost profit/(loss) on ordinary activities before taxation	<u>948,507</u>	<u>(1,047,317)</u>
Historical cost profit/(loss) for the year after taxation	<u>926,279</u>	<u>(1,047,533)</u>

All of the group's activities are classed as continuing.

A statement showing the movement in the profit and loss account is given in note 12 to the financial statements.

SOUTHAMPTON FOOTBALL CLUB LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31 MAY

	<u>NOTE</u>	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Tangible assets	6(a)	4,645,961	3,841,090
Investments	7(a)	<u>10,409</u>	<u>13,323</u>
		<u>4,656,370</u>	<u>3,854,413</u>
CURRENT ASSETS			
Stock		3,819	3,035
Debtors	8	559,205	408,306
Cash and bank balances		<u>909,311</u>	<u>21,661</u>
		<u>1,472,335</u>	<u>433,002</u>
CREDITORS: amounts falling due within one year	9	<u>2,587,994</u>	<u>2,735,818</u>
NET CURRENT LIABILITIES		<u>(1,115,659)</u>	<u>(2,302,816)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,540,711</u>	<u>1,551,597</u>
CREDITORS: amounts due after one year	9	1,219,078	723,102
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>1,100,000</u>	<u>462,309</u>
		<u>2,319,078</u>	<u>1,185,411</u>
		<u>1,221,633</u>	<u>366,186</u>
CAPITAL AND RESERVES			
Called up share capital	11	52,570	52,570
Revaluation reserve	12	425,235	496,067
Profit and loss account	12	<u>743,828</u>	<u>(182,451)</u>
Shareholders' funds - equity interests	13	<u>1,221,633</u>	<u>366,186</u>

The financial statements on pages 7 to 18 were approved by the board of directors on 15 August 1995 and were signed on its behalf by:



.....
F G L ASKHAM - Director



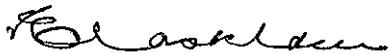
.....
M R RICHARDS - Director

SOUTHAMPTON FOOTBALL CLUB LIMITED

BALANCE SHEET AS AT 31 MAY

	NOTE	<u>1995</u> £	<u>1994</u> £
FIXED ASSETS			
Tangible assets	6(b)	690,264	519,341
Investments	7(b)	<u>751,000</u>	<u>751,000</u>
		<u>1,441,264</u>	<u>1,270,341</u>
CURRENT ASSETS			
Debtors	8	1,024,234	984,614
Cash and bank balances		<u>868,856</u>	<u>1,515</u>
		<u>1,893,090</u>	<u>986,129</u>
CREDITORS: amounts falling due within one year	9	<u>2,443,245</u>	<u>2,490,752</u>
NET CURRENT LIABILITIES		(550,155)	(1,504,623)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>891,109</u>	(234,282)
CREDITORS: amounts due after one year	9	543,619	544,530
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>177,249</u>	<u>111,817</u>
		<u>720,868</u>	<u>656,347</u>
		<u>170,241</u>	(890,629)
CAPITAL AND RESERVES			
Called up share capital	11	52,570	52,570
Profit and loss account	12	<u>117,671</u>	(943,199)
Shareholders' funds - equity interests	13	<u>170,241</u>	(890,629)

The financial statements on pages 7 to 18
were approved by the board of directors
on 15 August 1995 and were signed on
its behalf by



.....
F G L ASKHAM - Director



.....
M R RICHARDS - Director

SOUTHAMPTON FOOTBALL CLUB LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MAY

	NOTE	£	<u>1995</u> £	<u>1994</u> £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14		1,654,442	(879,127)
RETURN ON INVESTMENTS AND SERVICING OF FINANCE				
Interest received		10,848		25,691
Interest paid		(100,092)		(33,180)
Dividends received		<u>1,672</u>		<u>1,081</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(87,572)	(6,408)
TAXATION				
Taxation on franked investment income		(359)		(216)
Taxation paid		<u>-</u>		<u>(20,895)</u>
TAXATION (PAID)			(359)	(21,111)
INVESTING ACTIVITIES				
Purchase of fixed assets		(1,329,426)		(1,122,191)
Sale of fixed assets		29,950		40,700
Loans advanced		-		(26,000)
Loans repaid		10,000		46,700
Sale of investments		<u>5,858</u>		<u>4,896</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES			(1,283,618)	(1,055,895)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			<u>282,893</u>	<u>(1,962,541)</u>
FINANCING				
Grants received			(670,233)	(429,767)
Loans advanced			(1,130,000)	-
Repayment of amounts borrowed			312,262	25,000
Repayment of finance leases			<u>24,394</u>	<u>9,885</u>
NET CASH (INFLOW) FROM FINANCING	16		(1,463,577)	(394,882)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15		<u>1,746,470</u>	<u>(1,567,659)</u>
			<u>282,893</u>	<u>(1,962,541)</u>

SOUTHAMPTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of freehold land and buildings. The financial statements are prepared in accordance with applicable accounting standards.

Basis of consolidation

The consolidated financial statements include the company and all its subsidiary undertakings. No profit and loss account has been prepared for the holding company as permitted by S230 Companies Act 1985.

Turnover

Turnover is the total amount receivable in the ordinary course of business excluding Value Added Tax.

Depreciation

Depreciation has been provided where considered necessary at rates calculated to write down the assets to their estimated residual value over their anticipated useful lives as follows:

The Dell	8 years
Freehold property	50 years
Equipment	10 years
Motor vehicles	5 years

Transfer and Signing on Fees

Fees payable to and receivable from other football clubs on the transfer of players' registrations together with associated costs are dealt with through the profit and loss account in the year in which the transfer takes place. Signing on fees are charged in the period in which the contract commences. No underlying value of the registrations of players currently under contract is therefore reflected in the assets of the group.

Pension costs

The group makes contributions to the Football League Pension Scheme on behalf of its employees who are members of that scheme. The charge in the financial statements represents the premiums paid during the year.

Investments

Investments which are held for the long term are included in the Balance Sheet as fixed assets at cost. Provision is made where in the opinion of the directors a permanent diminution in value has occurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for taxation which is deferred as a result of all timing differences between depreciation and other charges made in the financial statements and the corresponding allowances for taxation purposes, to the extent that they are likely to crystallise. Due allowance has been made for all trading losses that are likely to be relieved in the future.

SOUTHAMPTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995

1 ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations 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.

Rentals paid under operating leases are charged to income on a straight line basis over the term of the lease.

Football Trust Grants

Grants received from The Football Trust in respect of ground improvements are treated as deferred income as these may become repayable in whole or in part if The Dell is sold.

2 TURNOVER AND OPERATING PROFIT/(LOSS)

	<u>TURNOVER</u>		<u>OPERATING PROFIT/(LOSS)</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
	£	£	£	£
Trading activities	7,397,385	4,732,186	1,454,278	39,792
Transfer fees	<u>2,659,737</u>	<u>2,507,500</u>	(481,005)	(1,116,877)
	<u>10,057,122</u>	<u>7,239,686</u>	<u>973,273</u>	<u>(1,077,085)</u>

Operating profit/(loss) on ordinary activities before taxation and interest payable is stated after charging:

	£	£
Depreciation	390,069	256,103
Loss on sale of assets	1,690	10,818
Auditors remuneration	11,500	11,000
Hire of plant and machinery	<u>60,629</u>	<u>45,707</u>
and crediting:		
Income from listed investments	1,672	1,081
Interest from bank deposits	11,030	24,907
Rents received	2,424	2,615
Profit on sale of investments	<u>2,944</u>	<u>23,991</u>
	<u>18,070</u>	<u>52,594</u>

3 INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
Bank loan and overdraft repayable within five years	8,754	20,178
Bank loan repayable in more than five years	76,935	14,596
Finance charges in respect of hire purchase and finance leases	<u>9,909</u>	<u>6,290</u>
	<u>95,598</u>	<u>41,064</u>

SOUTHAMPTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995

4 DIRECTORS AND EMPLOYEES

In accordance with the Rules of the Football Association and Article 11 of the Company's Articles of Association, the Directors received no remuneration during the year. However, the Directors have an interest in the supply of services to the group by their respective professional practices and companies in which they hold shares.

<u>DIRECTOR</u>	<u>RELATED UNDERTAKING</u>	<u>CHARGE FOR THE YEAR £</u>		
I L Gordon	Paris Smith & Randall	5,525		
B H D Hunt	Brian Hunt	14,000		
K St J Wiseman	Woodford & Ackroyd	5,400		
M R Richards	Burnett Swayne	12,370		
L McMenemy	Lawrie McMenemy Ltd	<u>121,500</u>		
STAFF COSTS		1995	1994	
		£	£	
Wages and salaries		4,373,961	3,566,540	
Social security costs		329,764	335,356	
Pension contributions		<u>76,492</u>	<u>37,688</u>	
		<u>4,780,217</u>	<u>3,939,584</u>	

The average weekly number of employees employed by the group during the year is analysed in the following categories:

Direct	59	63
Selling	17	14
Administration	<u>20</u>	<u>16</u>
	<u>96</u>	<u>93</u>

5 TAXATION

	1995	1994
	£	£
The taxation charge for the year is made up as follows:		
UK corporation tax on the results @ 25% (1994: 25%)	21,869	-
Taxation attributable to franked investment income	<u>359</u>	<u>216</u>
	<u>22,228</u>	<u>216</u>

Subject to agreement with H M Inspector of Taxes, the Company has tax losses to be carried forward of approximately £318,648.

In addition there are short term timing differences of £236,390 in excess of accelerated capital allowances. Therefore, no liability to deferred taxation arises.

SOUTHAMPTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995

6(a) TANGIBLE FIXED ASSETS - THE GROUP

	<u>LAND AND BUILDINGS</u>				
	<u>FREEHOLD</u>	<u>ASSETS UNDER</u>	<u>EQUIPMENT</u>	<u>MOTOR</u>	<u>TOTAL</u>
	<u>£</u>	<u>DEVELOPMENT</u>	<u>£</u>	<u>VEHICLES</u>	<u>£</u>
		<u>£</u>		<u>£</u>	
COST OR VALUATION					
At 1 June 1994	3,092,440	368,394	688,376	153,364	4,302,574
Additions	873,679	15,990	275,567	38,344	1,203,580
Disposals	-	-	(1,200)	(35,000)	(36,200)
At 31 May 1995	<u>3,966,119</u>	<u>384,384</u>	<u>962,743</u>	<u>156,708</u>	<u>5,469,954</u>
DEPRECIATION					
At 1 June 1994	141,434	-	244,820	75,230	461,484
Charge for year	260,026	-	98,702	31,341	390,069
Disposals	-	-	(360)	(27,200)	(27,560)
At 31 May 1995	<u>401,460</u>	<u>-</u>	<u>343,162</u>	<u>79,371</u>	<u>823,993</u>
NET BOOK VALUE					
At 31 May 1995	<u>3,564,659</u>	<u>384,384</u>	<u>619,581</u>	<u>77,337</u>	<u>4,645,961</u>
NET BOOK VALUE					
At 31 May 1994	<u>2,951,006</u>	<u>368,394</u>	<u>443,556</u>	<u>78,134</u>	<u>3,841,090</u>

6(b) TANGIBLE FIXED ASSETS - THE COMPANY

	<u>EQUIPMENT</u>	<u>MOTOR</u>	<u>TOTAL</u>
	<u>£</u>	<u>VEHICLES</u>	<u>£</u>
		<u>£</u>	
COST			
At 1 June 1994	603,990	153,364	757,354
Additions	269,829	38,344	308,173
Disposals	(1,200)	(35,000)	(36,200)
At 31 May 1995	<u>872,619</u>	<u>156,708</u>	<u>1,029,327</u>
DEPRECIATION			
At 1 June 1994	162,783	75,230	238,013
Charge for year	97,269	31,341	128,610
Disposals	(360)	(27,200)	(27,560)
At 31 May 1995	<u>259,692</u>	<u>79,371</u>	<u>339,063</u>
NET BOOK VALUE			
At 31 May 1995	<u>612,927</u>	<u>77,337</u>	<u>690,264</u>
NET BOOK VALUE			
At 31 May 1994	<u>441,207</u>	<u>78,134</u>	<u>519,341</u>

Freehold property includes investment properties of £82,100.

The company has been successful in obtaining planning permission to build a new stadium on the Stoneham site and negotiations for the acquisition are continuing. Accordingly, the expenditure has been capitalised and shown as assets under development in fixed assets.

SOUTHAMPTON FOOTBALL CLUB LIMITED

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FOR THE YEAR ENDED 31 MAY 1995

6(b) TANGIBLE FIXED ASSETS - THE COMPANY (Continued)

The group's land and buildings were revalued in 1983 by a professional firm of surveyors and valuers on the basis of open market value for existing use. The historical cost of the freehold land and buildings is £3,393,000 with accumulated depreciation of £189,194 (1994: £70,602). No provision for taxation on the revaluation surplus is considered necessary.

Included in the amounts for equipment are the following amounts relating to assets acquired under hire purchase contracts and finance leases.

	GROUP & COMPANY
	£
Net book value at 31 May 1995	<u>104,204</u>
Depreciation charge for the year	<u>12,371</u>

7(a) INVESTMENTS - THE GROUP

Listed Investments	£
Cost	
At 1 June 1994	13,323
Disposals	(2,914)
At 31 May 1995	<u>10,409</u>

The market value of the listed investments at 31 May 1995 amounted to £30,450 (1994: £38,230).

7(b) INVESTMENTS - THE COMPANY

	1995	1994
	£	£
Company		
Shares at cost	<u>751,000</u>	<u>751,000</u>

<u>Subsidiary Undertakings</u>	<u>Holding</u>	<u>Proportion held</u>	<u>Nature of the Business</u>
Southampton Leisure Holdings Ltd	Ordinary shares	100%	Property
Saints Supporters Club Ltd	Ordinary shares	100%	A supporters club
Stadium 2000 Plc	Ordinary shares	100%	Development of sports stadia

All the companies are registered in England and Wales. The shares in Stadium 2000 Plc are held by Southampton Leisure Holdings Limited.

8 DEBTORS

	1995		1994
	GROUP	COMPANY	GROUP
	£	£	£
Due within one year:			
Trade debtors	555,636	555,636	340,508
Prepayments	3,569	1,270	2,256
Other debtors	-	-	55,542
Amounts due from subsidiary undertakings	-	467,328	-
Group relief	-	-	31,376
Loans	-	-	10,000
	<u>559,205</u>	<u>1,024,234</u>	<u>408,306</u>
			<u>984,614</u>

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FOR THE YEAR ENDED 31 MAY 1995

9 CREDITORS:

Due within one year:

	1995		1994	
	GROUP	COMPANY	GROUP	COMPANY
	£	£	£	£
Bank overdraft (secured)	-	-	858,820	858,820
Trade creditors	1,723,247	1,718,823	1,208,357	1,203,142
Corporation tax	21,869	2,584	-	-
Other taxation and social security	322,936	321,999	162,054	161,578
Accruals and deferred income	305,159	233,557	476,832	230,871
Hire purchase and finance lease creditor	22,504	22,504	8,327	8,327
Bank loan	92,279	-	21,428	-
Football Trust Loan	100,000	100,000	-	-
Amounts due to subsidiary undertakings	-	43,778	-	28,014
	<u>2,587,994</u>	<u>2,443,245</u>	<u>2,735,818</u>	<u>2,490,752</u>

CREDITORS:

Due after more than one year

Trade creditors	334,457	334,457	499,206	499,206
Bank loan due 2 - 5 years	480,153	-	114,284	-
due in more than 5 years	195,306	-	64,288	-
Hire purchase and finance lease creditor due 2 - 5 years	59,162	59,162	39,339	39,339
due in more than 5 years	-	-	5,985	5,985
Football Trust Loan due 2 - 5 years	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
	<u>1,219,078</u>	<u>543,619</u>	<u>723,102</u>	<u>544,530</u>

The bank borrowings of the group are secured upon the freehold properties.

The bank loan is repayable in equal annual instalments within seven years from August 1994 with an early repayment option included. Interest is charged at a fixed rate of 10.3% for the first five years.

The Football Trust advanced the company £300,000 during the year. The loan which is interest free is repayable over 3 years in quarterly instalments of £25,000.

10 PROVISION FOR LIABILITIES AND CHARGES

	GROUP	COMPANY
	£	£
Grants from The Football Trust towards ground improvements		
Balance at 1 June 1994	462,309	111,817
Received in the year	<u>637,691</u>	<u>65,432</u>
Balance at 31 May 1995	<u>1,100,000</u>	<u>177,249</u>

11 SHARE CAPITAL

	1995	1994
	£	£
Authorised		
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid		
Ordinary shares of £1 each	<u>52,570</u>	<u>52,570</u>

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FOR THE YEAR ENDED 31 MAY 1995

12 RESERVES

	REVALUATION RESERVE £	PROFIT & LOSS A/C £
The Group		
At 1 June 1994	496,067	(182,451)
Retained profit for the year	-	855,447
Transfer	(70,832)	70,832
At 31 May 1995	<u>425,235</u>	<u>743,828</u>
The Company		
At 1 June 1994		(943,199)
Retained profit for the year		<u>1,060,870</u>
At 31 May 1995		<u>117,671</u>

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	GROUP 1995 £	COMPANY 1995 £	GROUP 1994 £	COMPANY 1994 £
Profit/(loss) for the financial year	855,447	1,060,870	(1,118,365)	(1,090,743)
Opening shareholders' funds	<u>366,186</u>	<u>(890,629)</u>	<u>1,484,551</u>	<u>200,114</u>
Closing shareholders' funds	<u>1,221,633</u>	<u>170,241</u>	<u>366,186</u>	<u>(890,629)</u>

14 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit/(loss) before other income	955,203	(1,129,679)
Depreciation	390,069	256,103
Loss on sale of assets	1,690	10,818
Rent received	2,424	2,615
(Increase)/decrease in stock	(784)	1,055
(Increase) in debtors	(216,259)	(167,165)
Increase in creditors	<u>522,099</u>	<u>147,126</u>
Net cash inflow/(outflow) from operating activities	<u>1,654,442</u>	<u>(879,127)</u>

15 ANALYSIS OF CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £	1994 £	CHANGE IN THE YEAR £
Cash at bank and in hand	909,311	21,661	887,650
Bank overdrafts	-	(858,820)	858,820
	<u>909,311</u>	<u>(837,159)</u>	<u>1,746,470</u>
	1994 £	1993 £	CHANGE IN THE YEAR £
Cash at bank and in hand	21,661	767,235	(745,574)
Bank overdrafts	(858,820)	(36,735)	(822,085)
	<u>(837,159)</u>	<u>730,500</u>	<u>(1,567,659)</u>

SOUTHAMPTON FOOTBALL CLUB LIMITED

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FOR THE YEAR ENDED 31 MAY 1995

16 ANALYSIS OF FINANCING DURING THE YEAR

	<u>GRANTS</u>	<u>LOANS</u>	<u>FINANCE LEASE</u> <u>OBLIGATIONS</u>	<u>TOTAL</u>
	£	£	£	£
Balance as at 1 June 1994	462,309	200,000	53,651	715,960
Inception of finance lease contracts	-	-	52,409	52,409
Grants received	670,233	-	-	670,233
Grants received in respect of previous year (32,542)	(32,542)	-	-	(32,542)
Loans advanced	-	1,130,000	-	1,130,000
Repayment in the year	-	(312,262)	(24,394)	(336,656)
Balance as at 31 May 1995	<u>1,100,000</u>	<u>1,017,738</u>	<u>81,666</u>	<u>2,199,404</u>
Balance as at 1 June 1993	-	225,000	31,036	256,036
Inception of finance lease contracts	-	-	32,500	32,500
Grants received	429,767	-	-	429,767
Grants receivable	32,542	-	-	32,542
Repayment in the year	-	(25,000)	(9,885)	(34,885)
Balance as at 31 May 1994	<u>462,309</u>	<u>200,000</u>	<u>53,651</u>	<u>715,960</u>

17 CONTINGENT LIABILITIES

- i There is a liability to pay up to £1,037,800 (1994: £984,167) to other clubs in respect of players under contract, dependent upon the number of first team appearances and international debuts made.
- ii There are unlimited cross guarantees between Southampton Football Club Limited and Southampton Leisure Holdings Limited, given to Barclays Bank Plc, to secure the bank borrowing of the group.

18 CAPITAL COMMITMENTS

	<u>GROUP</u>	<u>1995</u> <u>COMPANY</u>	<u>GROUP</u>	<u>1994</u> <u>COMPANY</u>
	£	£	£	£
Amounts contracted for but not provided for	Nil	Nil	957,174	6,362
Amounts authorised by the directors but not yet provided for	<u>56,944</u>	<u>32,000</u>	<u>53,000</u>	<u>53,000</u>