

**The Burnley Football & Athletic Company Limited**

**Directors' report and financial  
statements**

**Registered Number 054222**

**31 May 2000**



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## Officers and professional advisers

Directors	BC Kilby (Chairman) RS Ingleby (Vice Chairman) RB Blakeborough CJ Holt FJ Teasdale (resigned 21 July 2000) JF Turkington (appointed 28 August 1999) CJ Duckworth (appointed 9 August 2000)
Company Secretary	Mrs CL Pickup
Manager	S Ternent
Registered office	Turf Moor Harry Potts Way BURNLEY BB10 4BX
Registered number	054222
Auditors	KPMG Edward VII Quay Navigation Way PRESTON PR2 2YF
Bankers	Lloyds TSB Group plc 7 Manchester Road BURNLEY BB11 1HT

## Chairman's report

It is with a sense of achievement that I report to you after my first full year in office as Chairman of The Burnley Football & Athletic Company Limited.

Last year your Board of Directors outlined a strategy of investment in the playing and managerial staff of the Club in an effort to reach the short term goal of promotion to Division One. This was essential for the ultimate well being and financial stability of the Club. The whole purpose for the rights issue offered to the shareholders in 1998 was to provide funds to cover the inevitable loss that would occur by pursuing this strategy.

This loss has now materialised to the degree of £1.6 million for this financial year but we have the satisfaction of knowing that our first goal has been achieved and we will be playing season 2000-2001 in Division One for only the second time in nearly 20 years.

Great credit must go to team manager Stan Ternent and all his staff in turning around our fortunes on the playing field. He has invested shrewdly in the first team squad and we could not be in better hands as we attempt to establish ourselves in this higher division.

Success off the playing field has also followed with Andrew Watson and his team generating significant extra income from our commercial activities. Countless new initiatives have sprung from the Club's commercial departments and these should bear fruit in the coming years to add to the Club's financial stability. Andrew's promotion to Chief Executive of the Club at the start of this season was well deserved.

Since our last Annual General Meeting there have been two changes to your Board of Directors. Firstly, Frank Teasdale has resigned after 18 years as a Director and Chairman of the Club. On your behalf I can only thank Frank for those years in which he steered the ship with distinction through what were decidedly stormy waters. I know he will be available for any advice I need - to be drawn from his vast knowledge and experience of football - and I look forward to seeing him at Turf Moor for many years to come. Secondly, Chris Duckworth has been appointed to the Board and I trust you will join me in welcoming him to his appointment. As a lifelong Burnley supporter and extremely successful businessman I am convinced that he will be a great asset to our Company.

In conclusion I would like to thank all those who through talent and hard work have helped put the Club on the road to success - players, fellow directors, management, staff and as always our supporters. I am confident that we can progress over the next year to an even stronger position in our efforts to make Burnley Football Club one of the leading clubs in the country.

16 October 2000

**BC Kilby**  
*Chairman*

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2000.

### Principal activities

The principal activity of the Company continues to be the operation of a professional Football League Club.

### Business review

The Chairman's report adequately covers all major events during the year and future developments. The results for the year are shown on page 6 of the financial statements.

### Proposed dividend

The directors do not recommend the payment of a dividend (1999: £nil).

### Directors and directors' interests

The directors who held office at the end of the year and their interest in the shares of the Company were as follows:

	Interest at beginning of year/date of appointment	Interest at end of year
Mr BC Kilby	17,377	17,377
Mr RS Ingleby	6,048	6,204
Mr RB Blakeborough	862	862
Mr CJ Holt	2,074	2,074
Mr FJ Teasdale	1,722	1,872
Mr JF Turkington (appointed 28 August 1999)	1,604	1,703

On 21 July 2000 Mr FT Teasdale resigned his office as director.

On 9 August 2000 Mr CJ Duckworth was appointed a director of the Company.

In accordance with the Company's Articles of Association Mr RB Blakeborough retires by rotation and, being eligible, offers himself for re-election. Mr CJ Duckworth, having been appointed as a director since the last Annual General Meeting, retires and, being eligible, offers himself for re-election.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



BC Kilby  
Director

Turf Moor  
Harry Potts Way  
BURNLEY  
BB10 4BX

16 October 2000

## Statement of 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 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 statement;
- 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 maintaining 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
PRESTON  
Lancashire PR2 2YF

## **Auditors' report to the members of The Burnley Football & Athletic Company Limited**

We have audited the financial statements on pages 6 to 18.

### *Respective responsibilities of directors and auditors*

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.


### *Basis of audit 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 the company's affairs as at 31 May 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**KPMG**  
Chartered Accountants  
Registered Auditors

16 October 2000

## Profit and loss account

for the year ended 31 May 2000

	Note	2000 £000	1999 £000
<b>Turnover</b>	2	<b>5,676</b>	3,670
Staff costs	4	(4,279)	(2,784)
Depreciation and amortisation of player registrations	3	(888)	(924)
Other operating charges		(1,939)	(1,501)
<b>Operating loss</b>		<b>(1,430)</b>	(1,539)
Interest receivable and similar income	6	21	22
Interest payable and similar charges	7	(223)	(284)
<b>Loss on ordinary activities before taxation</b>		<b>(1,632)</b>	(1,801)
Tax on loss on ordinary activities	8	-	-
<b>Retained loss for the financial year</b>		<b>(1,632)</b>	(1,801)

All amounts relate to continuing operations.

## Statement of total recognised gains and losses

for the year ended 31 May 2000

The Company has no recognised gains and losses other than those reflected in the profit and loss account.

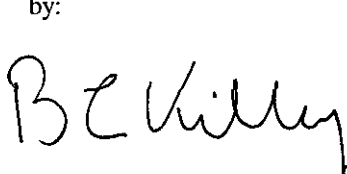



## Balance sheet

at 31 May 2000

	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Intangible assets	9	1,536	1,261
Tangible assets	10	7,551	7,696
		<u>9,087</u>	<u>8,957</u>
<b>Current assets</b>			
Stocks	11	67	78
Debtors	12	280	289
Cash at bank and in hand		1,091	1,353
		<u>1,438</u>	<u>1,720</u>
<b>Creditors: amounts falling due within one year</b>	13	(5,060)	(3,558)
<b>Net current liabilities</b>		<u>(3,622)</u>	<u>(1,838)</u>
<b>Total assets less current liabilities</b>		<u>5,465</u>	<u>7,119</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(4,523)	(4,843)
<b>Net assets</b>		<u>942</u>	<u>2,276</u>
<b>Capital and reserves</b>			
Called up share capital	15	36	34
Share premium account	16	4,234	3,938
Profit and loss account	16	(3,328)	(1,696)
<b>Equity shareholders' funds</b>	17	<u>942</u>	<u>2,276</u>

These financial statements were approved by the board of directors on 16 October 2000 and were signed on its behalf by:

  
**BC Kilby**  
 Director

  
**CJ Holt**  
 Director

## Cash flow statement

for the year ended 31 May 2000

	Note	2000 £000	1999 £000
Net cash inflow from operating activities	18	581	61
Return on investments and servicing of finance	19	(202)	(262)
Taxation		118	-
Capital expenditure	19	(1,018)	(1,633)
Cash outflow before financing		(521)	(1,834)
Financing	19	15	3,430
(Decrease)/increase in cash in the year	20	(506)	1,596

All amounts relate to continuing operations.

## Reconciliation of net cash flow to movement in net debt

for the year ended 31 May 2000

	Note	2000 £000	1999 £000
(Decrease)/increase in cash in the year		(506)	1,596
Cash outflow from change in debt		283	439
Movement in net debt in the year		(223)	2,035
Net debt at beginning of year		(1,882)	(3,917)
Net debt at end of year	20	(2,105)	(1,882)

## Notes

(forming part of the financial statements)

### 1 Accounting policies

#### a) *Accounting convention*

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

#### b) *Player registrations and signing on fees*

Transfer fees and amounts paid to third parties for player registrations are capitalised as intangible fixed assets and are amortised on a straight line basis over the period of the respective players' contracts.

Player registrations are assessed on an annual basis and impairment losses arising are charged to the profit and loss account in the period in which they arise. Any surpluses arising are not accounted for.

Player signing on fees are expensed to the profit and loss account as wages and salaries on a straight line basis over the period of the respective player's contract.

#### c) *Tangible fixed assets and depreciation*

Depreciation is not provided on freehold land. Other tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following annual rates:

Freehold buildings	2% per annum
Synthetic pitch and accessories	7% to 10% per annum
Plant, fixtures and vehicles	12.5% to 25% per annum
Floodlighting and equipment	5% to 10% per annum

#### d) *Stocks*

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

#### e) *Turnover*

Turnover represents gate receipts and invoiced sales, exclusive of value added tax.

#### f) *Grants*

Grants in respect of capital expenditure are treated as deferred income, and credited to the operating result over the estimated useful economic lives of the assets to which they relate.

## Notes (continued)

### 1 Accounting policies (continued)

#### g) Leases

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### h) Pension costs

The Company pays contributions to personal money purchase schemes for eligible employees and accounts for the amount due in each year as a cost to the profit and loss account.

#### i) Taxation

The charge for taxation is based on the loss for the year and takes into account the taxation deferred because of timing differences between the treatment of certain items for taxation and accounts purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

### 2 Turnover

Turnover arises wholly within the UK and comprises the following:

	2000 £000	1999 £000
Match income	3,239	2,025
Catering sales	873	650
Leisure centre	221	197
Other commercial activities	751	456
Shop sales	592	342
	<u>5,676</u>	<u>3,670</u>

**Notes** *(continued)*

**3 Operating loss**

This is stated after charging/(crediting):

	2000 £000	1999 £000
Auditors' remuneration: audit	12	12
other services	9	84
Depreciation: owned assets	338	276
assets held under finance lease	22	60
Amortisation of player registrations	528	588
Release of grant	(127)	(114)
	<hr/>	<hr/>

**4 Staff numbers and costs**

The average number of persons employed by the Company during the year, including directors, was as follows:

	2000 Number	1999 Number
Players, managerial and training staff	62	59
Sales, administration and ancillary staff	81	56
	<hr/>	<hr/>
	143	115
	<hr/>	<hr/>

In addition to the above, the Company employed an average of 261 (1999: 218) match-day staff during the year.

The aggregate payroll costs were as follows:

	2000 £000	1999 £000
Wages and salaries	3,834	2,546
Social security costs	401	218
Other pension costs	44	20
	<hr/>	<hr/>
	4,279	2,784
	<hr/>	<hr/>

**5 Directors' emoluments**

None of the directors received any remuneration from the Company during the year (1999: £nil).

**6 Interest receivable and similar income**

Interest receivable and similar income represents interest receivable on bank deposits

## Notes *(continued)*

### 7 Interest payable and similar charges

	2000 £000	1999 £000
On bank loans and overdrafts	213	270
Finance charges on finance leases and similar hire purchase contracts	10	14
	<u>223</u>	<u>284</u>

### 8 Taxation

As a result of the loss for the year no provision for taxation is required (1999: £nil).

### 9 Intangible fixed assets

	Player registrations £000
<b>Cost</b>	
At 1 June 1999	1,961
Additions	803
Disposals	(392)
<b>At 31 May 2000</b>	<u>2,372</u>
<b>Amortisation</b>	
At 1 June 1999	700
Charge for the year	528
On disposals	(392)
<b>At 31 May 2000</b>	<u>836</u>
<b>Net book value</b>	
<b>At 31 May 2000</b>	<u><b>1,536</b></u>
At 31 May 1999	<u>1,261</u>

## Notes (continued)

### 10 Tangible fixed assets

	Freehold Land and buildings £000	Plant and vehicles £000	Fixtures and fittings £000	Total £000
<b>Cost</b>				
At 1 June 1999	7,907	608	646	9,161
Additions	76	43	96	215
At 31 May 2000	7,983	651	742	9,376
<b>Depreciation</b>				
At 1 June 1999	891	300	274	1,465
Charge for year	197	76	87	360
At 31 May 2000	1,088	376	361	1,825
<b>Net book value At 31 May 2000</b>	<b>6,895</b>	<b>275</b>	<b>381</b>	<b>7,551</b>
At 31 May 1999	7,016	308	372	7,696

Included in the total net book value of plant and vehicles is £96,000 (1999: £304,000) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation charged for the year on these assets was £22,000 (1999: £60,000).

### 11 Stocks

	2000 £000	1999 £000
Goods for resale	67	78

### 12 Debtors

	2000 £000	1999 £000
Trade debtors	156	83
Corporation tax recoverable	-	118
Other debtors	10	74
Prepayments and accrued income	114	14
	280	289

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2000 £000	1999 £000
Bank loans and overdrafts (see note 14)	1,753	1,616
Football Trust loan (see note 14)	23	40
Other loan (see note 14)	8	40
Obligations under finance lease and hire purchase contracts	16	62
Trade creditors	327	264
Other taxation and social security	666	268
Other creditors	453	411
Accruals and deferred income	1,665	806
Directors' loans	149	51
	<u>5,060</u>	<u>3,558</u>

### 14 Creditors: amounts falling due after more than one year

	2000 £000	1999 £000
Bank loans	1,001	1,139
Football Trust loan	-	23
Other loan	235	237
Obligations under finance lease and hire purchase contracts (within five years)	11	27
Accruals and deferred income	3,276	3,417
	<u>4,523</u>	<u>4,843</u>

#### *Bank loans and overdrafts*

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the Company.  
 The maturity of bank loans and overdrafts may be analysed as follows:

	2000 £000	1999 £000
Within one year or on demand	1,753	1,616
Between one and two years	170	152
Between two and five years	657	573
After five years	174	414
	<u>2,754</u>	<u>2,755</u>



## Notes (continued)

### 14 Creditors: amounts falling due after more than one year (continued)

A bank loan of £1,178,000 (1999: £1,315,000) is repayable by April 2006 in equal monthly instalments and bears interest at a rate of 9.65% per annum. A bank loan of £732,000 (1999: £840,000) is repayable by April 2006 in equal monthly instalments and bears interest at a rate of 1.75% over the bank base rate of the Company's bankers. The Company's bankers have reserved the right to demand immediate repayment of this latter loan and therefore it has been included within current liabilities in these financial statement.

#### Football Trust loan

The Football Trust loan, which is interest free, is repayable in equal monthly instalments of £3,333.

#### Other loan

The other loan is secured by a charge over certain of the assets of the Company. Providing the terms of the loan are adhered to, the loan is interest free. The loan is repayable by way of write-off against future purchases from the loan provider.

#### Accruals and deferred income

Accruals and deferred income includes capital grants of which £2,767,000 (1999: £2,977,000) is to be released to the profit and loss account in more than five years.

### 15 Called up share capital

	2000 £000	1999 £000
<b>Authorised</b>		
50,000 (1999: 50,000) ordinary shares of £1 each	50	50
	<hr/>	<hr/>
<b>Allotted, issued and paid</b>		
35,773 (1999: 34,284) ordinary shares of £1 each	36	34
	<hr/>	<hr/>

During the year the Company issued 1,489 ordinary shares of £1 each for a consideration of £298,000.

### 16 Reserves

	Share premium account £000	Profit and loss account £000
At 1 June 1999	3,938	(1,696)
Retained loss for year	-	(1,632)
Premium arising on the issue of shares (net of expenses)	296	-
<b>At 31 May 2000</b>	<hr/> 4,234 <hr/>	<hr/> (3,328) <hr/>

## Notes *(continued)*

### 17 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Loss for the financial year	(1,632)	(1,801)
New share capital subscribed (net of expenses)	298	3,869
<b>Net (reduction)/addition arising in year</b>	<b>(1,334)</b>	<b>2,068</b>
Balance at beginning of year	2,276	208
<b>Balance at end of year</b>	<b>942</b>	<b>2,276</b>

### 18 Reconciliation of operating loss to net cash flow from operating activities

	2000 £000	1999 £000
Operating loss	(1,430)	(1,539)
Depreciation	360	336
Amortisation of player registrations	528	588
Release of grants	(127)	(114)
Decrease in stocks	11	36
(Increase)/decrease in debtors	(109)	174
Increase in creditors	1,348	580
<b>Net cash inflow from operating activities</b>	<b>581</b>	<b>61</b>

## Notes (continued)

### 19 Analysis of cash flows for headings netted in the cash flow statement

	2000 £000	1999 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	21	22
Interest paid	(223)	(284)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(202)</b>	<b>(262)</b>
<b>Capital expenditure</b>		
Payments to acquire tangible fixed assets	(215)	(308)
Payments to acquire intangible fixed assets	(803)	(1,465)
Receipts from sales of intangible fixed assets	-	140
<b>Net cash outflow from capital expenditure</b>	<b>(1,018)</b>	<b>(1,633)</b>
<b>Financing</b>		
Issue of ordinary share capital	298	3,869
Loans received	125	-
Loans repaid	(346)	(357)
Capital element of finance lease and hire purchase payments	(62)	(82)
<b>Net cash inflow from financing</b>	<b>15</b>	<b>3,430</b>

### 20 Reconciliation of net debt to the amounts shown in the balance sheet

	At 1 June 1999 £000	Cash flow £000	Other non-cash changes £000	At 31 May 2000 £000
Cash at bank and in hand	1,353	(262)	-	1,091
Overdraft	(600)	(244)	-	(844)
	753	(506)	-	247
Debt due within 1 year	(1,147)	221	(163)	(1,089)
Debt due after 1 year	(1,399)	-	163	(1,236)
Finance leases and hire purchase contracts	(89)	62	-	(27)
	(1,882)	(223)	-	(2,105)

## Notes *(continued)*

### 21 Related party transactions

Mr B Rothwell is a director and shareholder of Mercer Print (UK) Limited.

The following transactions were made between Mercer Print (UK) Limited and the Company up to the date of Mr Rothwell's resignation from the board on 28 September 1998:

	2000 £000	1999 £000
Sales	-	6
Purchases of services	-	9
	<u>          </u>	<u>          </u>

### 22 Capital commitments

Capital commitments at the end of the financial year for which no provision has been made:

	2000 £000	1999 £000
Authorised	115	59
	<u>          </u>	<u>          </u>