

Report of the Directors and
Financial Statements
for the Year Ended 31 May 2013
for
Hereford United Football Club (1939) Ltd

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for the Year Ended 31 May 2013

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Hereford United Football Club (1939) Ltd

Company Information
for the Year Ended 31 May 2013

DIRECTORS:

G L J Smith
D J Keyte
N P Nenadich
D C W Preedy

SECRETARY:

REGISTERED OFFICE:

Edgar Street Athletic Ground
Edgar Street
Hereford
HR4 9JU

REGISTERED NUMBER:

00355272 (England and Wales)

AUDITORS:

Thorne Widgey Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

Report of the Directors
for the Year Ended 31 May 2013

The directors present their report with the financial statements of the company for the year ended 31 May 2013

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a football club

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements

DIRECTORS

The directors shown below have held office during the whole of the period from 1 June 2012 to the date of this report

G L J Smith
D J Keyte
N P Nenadich
D C W Preedy

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

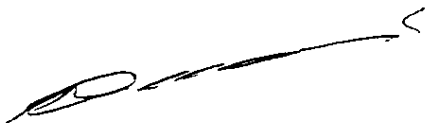
The auditors, Thorne Widgery Accountancy Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting

Hereford United Football Club (1939) Ltd

Report of the Directors
for the Year Ended 31 May 2013

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'D J Keyte', with a long horizontal stroke extending to the right.

D J Keyte - Director

17 March 2014

Report of the Independent Auditors to the Members of
Hereford United Football Club (1939) Ltd

We have audited the financial statements of Hereford United Football Club (1939) Ltd for the year ended 31 May 2013 on pages six to fifteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 a Report of the Auditors 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 explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2013 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £498,994 during the year ended 31 May 2013 and, at that date, the company's liabilities exceeded its total assets by £733,388 and it had net current liabilities of £422,843. These conditions, along with the matters explained in the accounting policies, indicate the existence of a material uncertainty which may cause significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006


In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the Independent Auditors to the Members of
Hereford United Football Club (1939) Ltd

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Directors



Mr Kevin Tong (Senior Statutory Auditor)
for and on behalf of Thorne Widgery Accountancy Ltd
Chartered Accountants
Statutory Auditors
2 Wyevale Business Park
Kings Acre
Hereford
Herefordshire
HR4 7BS

17 March 2014

Hereford United Football Club (1939) Ltd

Profit and Loss Account
for the Year Ended 31 May 2013

		31 5 13	31 5 12 as restated
	Notes	£	£
TURNOVER		1,629,982	1,873,696
Cost of sales		1,806,159	2,123,814
GROSS LOSS		(176,177)	(250,118)
Administrative expenses		418,387	397,270
		(594,564)	(647,388)
Other operating income	2	105,438	200,531
OPERATING LOSS	3	(489,126)	(446,857)
Interest receivable and similar income	4	-	10
		(489,126)	(446,847)
Interest payable and similar charges		9,868	5,625
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(498,994)	(452,472)
Tax on loss on ordinary activities	5	-	-
LOSS FOR THE FINANCIAL YEAR		(498,994)	(452,472)

The notes form part of these financial statements

Hereford United Football Club (1939) Ltd

Statement of Total Recognised Gains and Losses
for the Year Ended 31 May 2013

	31 5 13	31 5 12 as restated
	£	£
LOSS FOR THE FINANCIAL YEAR	(498,994)	(452,472)
	-----	-----
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	(498,994)	(452,472)
		=====
Prior year adjustment	Note 6	
	(30,000)	

TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	(528,994)	
	=====	

The notes form part of these financial statements

Balance Sheet

31 May 2013

		31 5 13		31 5 12 as restated	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	8		459,176		480,562
Investments	9		2		2
			<u>459,178</u>		<u>480,564</u>
CURRENT ASSETS					
Stocks		22,369		24,345	
Debtors	10	185,842		249,543	
Cash at bank and in hand		9,554		26,349	
		<u>217,765</u>		<u>300,237</u>	
CREDITORS					
Amounts falling due within one year	11	640,608		568,448	
NET CURRENT LIABILITIES			<u>(422,843)</u>		<u>(268,211)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			36,335		212,353
CREDITORS					
Amounts falling due after more than one year	12		769,723		446,747
NET LIABILITIES			<u>(733,388)</u>		<u>(234,394)</u>
CAPITAL AND RESERVES					
Called up share capital	13		10,000		10,000
Profit and loss account	14		(743,388)		(244,394)
SHAREHOLDERS' FUNDS			<u>(733,388)</u>		<u>(234,394)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements were approved by the Board of Directors on 17 March 2014 and were signed on its behalf by



D J Keyte - Director

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Preparation of consolidated financial statements

The financial statements contain information about Hereford United Football Club (1939) Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements

Exemption from preparing a cash flow statement

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Land and buildings	- 5% on cost
Plant and machinery etc	- 33 3% on cost, 25% on reducing balance, 15% on reducing balance and at varying rates on cost

The social club, shop and ground improvements are situated on land leased from Hereford City Council and accordingly the expected useful lives of those assets have been limited to the unexpired period of the respective leases

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability

Rentals paid under operating leases are charged to income as incurred

Notes to the Financial Statements - continued
for the Year Ended 31 May 2013

1. ACCOUNTING POLICIES - continued

Transfer fees

Transfer fees received and payable are taken into account on a basis effective from the date of a player's transfer

Deferred income

Grants and donations received towards specific capital expenditure are credited to the deferred income account on a received basis. These are then released to the profit and loss account annually over the remaining expected useful life of the asset to which they relate in equal instalments. The rates used are:

- Relating to social club and shop - 1/33%
- Relating to ground improvements - 2/50%, 4/0%, 10/0% or the remaining period of the lease

Going concern

The accounts have been drawn up on the going concern basis. The company is operating within its current bank balances and the directors expect it to continue to be able to do so for the foreseeable future.

The company is however reliant on the support of its directors and creditors. Further explanations are detailed in note 17 of the financial statements.

2. OTHER OPERATING INCOME

	31/5/13	31/5/12 as restated
	£	£
Donations received	<u>105,438</u>	<u>200,531</u>
Other operating income		
Donations received		
- VP Club	7,267	18,663
- Sundry	<u>98,171</u>	<u>211,868</u>
	<u>105,438</u>	<u>230,531</u>

3. OPERATING LOSS

The operating loss is stated after charging

	31/5/13	31/5/12 as restated
	£	£
Depreciation - owned assets	62,336	65,697
Auditors remuneration	<u>4,000</u>	<u>5,000</u>
Directors' remuneration and other benefits etc	<u>-</u>	<u>7,200</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2013

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	31 5 13	31 5.12 as restated
	£	£
Deposit account interest	-	10

5 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 May 2013 nor for the year ended 31 May 2012

6 PRIOR YEAR ADJUSTMENT

A donation in 2012 has been reclassified as a loan

7 TRANSFER AND LOAN FEES

Included in the accounts are the following amounts in respect of transfer fees

	31.5 13 £	31 5 12 £
Turnover - transfer fees receivable	30,184	91,915
Cost of sales - transfer and loan fees payable	44,638	108,066

8 TANGIBLE FIXED ASSETS

	Short leasehold £	Gym and Ground equipment £	Fixtures and fittings £
COST			
At 1 June 2012	938,346	16,236	221,826
Additions	40,950	-	-
At 31 May 2013	979,296	16,236	221,826
DEPRECIATION			
At 1 June 2012	528,638	11,180	184,993
Charge for year	46,917	1,277	6,001
At 31 May 2013	575,555	12,457	190,994
NET BOOK VALUE			
At 31 May 2013	403,741	3,779	30,832
At 31 May 2012	409,708	5,056	36,833

Notes to the Financial Statements - continued
for the Year Ended 31 May 2013

8 TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 June 2012	48,446	6,141	1,230,995
Additions	-	-	40,950
	<hr/>	<hr/>	<hr/>
At 31 May 2013	48,446	6,141	1,271,945
	<hr/>	<hr/>	<hr/>
DEPRECIATION			
At 1 June 2012	21,583	4,039	750,433
Charge for year	6,716	1,425	62,336
	<hr/>	<hr/>	<hr/>
At 31 May 2013	28,299	5,464	812,769
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE			
At 31 May 2013	20,147	677	459,176
	<hr/>	<hr/>	<hr/>
At 31 May 2012	26,863	2,102	480,562
	<hr/>	<hr/>	<hr/>

The company leases certain land and buildings on two short leases (less than fifty years). The annual rental on these leases were £5,000 (2012 £6,993). The company pays all insurance, maintenance and repairs on these properties.

9 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 June 2012 and 31 May 2013	2
	<hr/>
NET BOOK VALUE	
At 31 May 2013	2
	<hr/>
At 31 May 2012	2
	<hr/>

9 FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of companies include the following

Hereford United Football Club (1982) Ltd

Nature of business Leasing of property under a franchise agreement

	% holding		
Class of shares			
Ordinary	100.00		
		31 5 13	31 5 12
		£	£
Aggregate capital and reserves		(100,149)	(83,088)
Loss for the year		(17,061)	(3,023)

Under the provision of the Companies Act 2006 the company is exempt from preparing consolidated accounts as a small group and has not done so, therefore the accounts show information about the company as an individual entity

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 5 13	31 5 12 as restated
	£	£
Trade debtors	30,525	50,949
Amounts owed by group undertakings	97,366	80,591
Other debtors	57,951	118,003
	<u>185,842</u>	<u>249,543</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 5 13	31 5.12 as restated
	£	£
Bank loans and overdrafts	-	8,408
Loan - Football League	-	5,500
Other Loans	150,500	30,000
Hire purchase contracts	17,572	11,893
Trade creditors	209,763	222,084
Social security and other taxes	37,478	97,138
VAT	25,388	75,287
Other creditors	12,375	6,756
Accruals and deferred income	187,532	111,382
	<u>640,608</u>	<u>568,448</u>

Notes to the Financial Statements - continued
for the Year Ended 31 May 2013

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 5 13	31 5 12 as restated
	£	£
Loan	204,279	92,139
Hire purchase contracts	-	14,599
Directors' loan accounts	534,637	298,144
Deferred income	30,807	41,865
	<u>769,723</u>	<u>446,747</u>

13 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:
Number Class

	Nominal value	31 5 13	31 5 12 as restated
		£	£
40,000 Ordinary shares of 25p each	£0 25	<u>10,000</u>	<u>10,000</u>

14 RESERVES

	Profit and loss account £
At 1 June 2012	(214,394)
Prior year adjustment	<u>(30,000)</u>
	(244,394)
Deficit for the year	<u>(498,994)</u>
At 31 May 2013	<u><u>(743,388)</u></u>

15 RELATED PARTY DISCLOSURES

Included within creditors are amounts due to the director's of £534,637 (2012 £298,144)

16. POST BALANCE SHEET EVENTS

Director loans totalling £285,000 were subsequently converted to shares after the balance sheet date

Notes to the Financial Statements - continued
for the Year Ended 31 May 2013

17 GOING CONCERN

The current economic environment is difficult and the company has reported an operating loss for the year of £498,994. The balance sheet shows that as at 31st May 2013, current liabilities exceeded current assets by £422,843. The directors consider that the outlook presents a significant challenge that cannot be met without outside investment. The directors have in recent months instituted measures to preserve cash and secure additional finance, these measures have not produced sufficient funding to guarantee the future of the football club.

The directors have successfully achieved revised leases for the ground that will improve the financial position of the company on any future development, but again nothing material to date.

Included within other creditors are amounts owed to the directors totalling £534,637 (2012: £298,144). The company is reliant on the continuing support of the directors. Post balance sheet £285,000 of these director loans have been converted into shares, but further sums have also been invested.

The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

If the going concern basis were not appropriate, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise and to reclassify fixed assets as current assets and long term liabilities as current liabilities.

18. DEFERRED INCOME RELATING TO CAPITAL EXPENDITURE

	31.5.13	31.5.12
	£	£
1 June 2012	52,922	63,981
Release to profit and loss account	(11,059)	(11,059)
	<hr/> 41,863	<hr/> 52,922
Current obligations	<hr/> (11,056)	<hr/> (11,059)
31 May 2013 amounts falling due after more than one year	<hr/> <hr/> 30,807	<hr/> <hr/> 41,863

Hereford United Football Club (1939) Ltd

Trading and Profit and Loss Account
for the Year Ended 31 May 2013

	31 5.13		31.5.12 as restated	
	£	£	£	£
Turnover				
Gate revenue - home and away	332,982		480,815	
Season ticket sales and membership	132,633		141,354	
Prize money	17,500		-	
Sponsorship and Football League income	357,738		804,387	
TV and radio income	102,390		22,415	
Transfer fees receivable	30,184		91,915	
Match day catering	7,483		8,381	
Room and pitch hire	2,776		1,516	
Sundry income	14,945		10,641	
Rental income	30,250		31,500	
Programme sales	30,027		36,304	
Club shop sales	33,884		36,530	
Board and programme advertising	37,975		75,344	
Website income	14,553		42,055	
Supporter's Club	387,962		90,539	
Youth funding	96,700		-	
		1,629,982		1,873,696
Cost of sales				
Gate share to league and visitors	4,376		15,843	
Wages and salaries	1,130,563		1,421,402	
Training expenses and pitch hire	13,169		9,857	
Transfer fees and loan fees	44,638		108,066	
Programme printing	27,895		34,311	
Club shop purchases	28,251		51,716	
Match travelling expenses	28,850		49,193	
Kit and medical expenses	19,266		34,033	
Players and manager's expenses	113,032		174,001	
St John's Ambulance	8,030		9,545	
Gatemen	32,065		80,945	
Referees	9,217		9,412	
Agent fees	-		18,113	
Police fees	511		7,716	
Hospitality	7,555		8,093	
Supporter's Club Purchases	170,452		50,721	
Supporter's Club Wages	168,289		40,847	
		1,806,159		2,123,814
GROSS LOSS		(176,177)		(250,118)
Other income				
Donations received	105,438		200,531	
Deposit account interest	-		10	
		105,438		200,541
		(70,739)		(49,577)

This page does not form part of the statutory financial statements