

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS

31 MAY 2009

Registered No. 355272

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HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

CONTENTS

Page

1	Directors' report
2	Statement of directors' responsibilities
3	Auditors' report
4	Profit and loss account
4	Statement of total recognised gains and losses
5	Balance sheet
6 – 15	Notes on accounts

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

DIRECTORS' REPORT

The directors present their report and the audited accounts for the year ended 31 May 2009

Principal activities

The principal activities of the company continued to be that of a football club

Business review and future developments

The company has taken advantage of the small companies exemption and has not included a review

Further information is given in the chairman's statement which is separate to these financial statements

Results

The results for the year are shown in the profit and loss account on page 4

Directors

The directors of the company during the year were as follows:

G J Turner
J G Fennessy
H S A Brooks
G L J Smith

Auditors

Baker Tilly UK Audit LLP have agreed to offer themselves for re-appointment as auditors of the company.

Statement as to disclosure of information to auditors

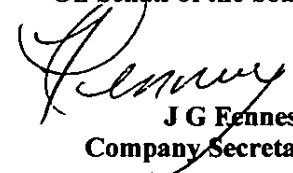
The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

Small Company Provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption

Edgar Street Athletic Ground
Edgar Street
Hereford
HR4 9JU

On behalf of the board


J G Fennessy
Company Secretary

18 February 2010

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

AUDITORS' REPORT – INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

We have audited the financial statements on pages 4 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 an auditor's 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 more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on the 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

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.



Mark Bevan (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor
Elgar House
Holmer Road
Hereford
HR4 9SF

Date 19 February 2010

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

PROFIT AND LOSS ACCOUNT

	Note	2009 £	2008 £
Turnover	2	2,023,657	2,386,228
Cost of sales		(1,866,658)	(1,882,052)
		<hr/>	<hr/>
Gross profit		156,999	504,176
Administrative expenses		(175,197)	(183,108)
Other operating income	3	29,989	45,262
		<hr/>	<hr/>
Operating Profit		11,791	366,330
Investment income	5	19,124	53,004
		<hr/>	<hr/>
Profit on ordinary activities before taxation		30,915	419,334
Taxation	7	(4,016)	(10,687)
		<hr/>	<hr/>
Retained Profit for the year	18	<u>26,899</u>	<u>408,647</u>

None of the company's activities were acquired or discontinued during the above two financial years.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has had no recognised gains and losses during this year and last year other than the profit for the financial year

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

Company Registration Number: 355272

BALANCE SHEET

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	9		231,522		263,493
Investments	10		2		2
			<u>231,524</u>		<u>263,495</u>
Current assets					
Stocks	11	14,910		22,022	
Debtors	12	256,089		118,588	
Cash at bank and in hand		729,313		929,891	
			<u>1,000,312</u>	<u>1,070,501</u>	
Creditors: amounts falling due within one year	13	(196,559)		(320,159)	
			<u>803,753</u>		<u>750,342</u>
Net current assets					
			<u>1,035,277</u>		<u>1,013,837</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	14	(1,195,140)		(1,200,599)	
			<u>(159,863)</u>	<u>(186,762)</u>	
Capital and reserves					
Called up share capital	17	10,000		10,000	
Profit and loss account	18	(169,863)		(196,762)	
			<u>(159,863)</u>	<u>(186,762)</u>	
Total equity shareholders' deficit	16		<u>(159,863)</u>	<u>(186,762)</u>	

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime

The accounts on pages 4 to 15 were approved by the board of directors and authorised for issue on 18 February 2010 and signed on their behalf by


G J Turner
Director

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

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

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods and services or for the period of sponsorship relating to the account period in the ordinary nature of the business. Income received relating to future periods is deferred and recognised in the appropriate periods. Turnover is shown exclusive of value added tax

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 creditors and the lenders referred to in note 21 to the accounts.

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.

Depreciation

Depreciation of fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their estimated useful lives which are as follows

Social club and shop	-	over the remaining period of the lease
Improvements	-	over the remaining period of the lease
Fixtures, fittings, tools and equipment	-	between 10% straight line and 25% straight line
Motor vehicles	-	25% straight line

The social club and 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.

Lease and hire purchase contracts

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

Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less the estimated cost of disposal

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

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 (see note 15 to the accounts). The rates used are:

Relating to social club and shop	- 1.33%
Relating to ground improvements	- 2.5%, 4.0%, 10.0% or the remaining period of the lease

Revenue grants

Grants received in respect of expenditure charged to the profit and loss account during the year have been credited to the profit and loss account in the year the grant was received.

Transfer fees

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

Cost of employment

All costs of employment, including wages and salaries, pension contributions, social security payments, bonuses and compensation for loss of office are charged to the profit and loss account as part of costs of sales as they are incurred rather than equally over the period of the contract to which they relate.

Donations

All donations, other than those received for capital items, have been credited to the profit and loss account as part of other operating income as and when received.

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1.

Consolidation

In the opinion of the director, the company and its subsidiary undertakings comprise a small group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Acts 1985 to 2006 not to prepare group accounts. The financial statements present the results of the parent company only and do not show the results of the group.

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009****NOTES ON ACCOUNTS (continued)****2. TURNOVER**

Turnover represents income received from third parties which fall within the company's ordinary activities, stated net of value added tax

3. OPERATING PROFIT

Operating profit is stated after charging:

	2009 £	2008 £
Staff costs (note 4)	1,279,023	1,264,661
Auditors' remuneration	<u>4,691</u>	<u>4,200</u>
Depreciation of tangible fixed assets - owned assets	<u>36,096</u>	<u>36,213</u>
and after crediting		
Other operating income		
Donations received		
- VP Club	23,400	40,000
- Sundry	6,589	5,262
	<u>29,989</u>	<u>45,262</u>

4. DIRECTORS AND EMPLOYEES

	2009 £	2008 £
Staff costs including directors' emoluments		
Wages and salaries	1,118,456	1,126,363
Social security costs	120,353	110,458
Other pension costs	40,214	27,840
	<u>1,279,023</u>	<u>1,264,661</u>
Average number employed including executive directors	Number	Number
Players	21	23
Administration	5	5
	<u>26</u>	<u>28</u>

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009**

NOTES ON ACCOUNTS (continued)**4. DIRECTORS AND EMPLOYEES (continued)****Pension****Defined contribution schemes**

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension costs charge represents contributions payable by the company to the funds and amounted to £40,214 (2008: £27,840). There is £20,000 contributions payable at the year end (2008: Nil) included within creditors

	2009 No.	2008 No.
Number of qualifying directors	<u>1</u>	<u>1</u>

Directors Emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	£	£
Aggregate Emoluments	132,541	91,210
Contributions to money purchase pensions	<u>10,214</u>	<u>25,214</u>

5. INVESTMENT INCOME

Interest received	<u>19,124</u>	<u>53,004</u>
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6. INTEREST PAYABLE

Bank loans and overdraft	<u>-</u>	<u>-</u>
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7. TAXATION

A current tax charge of £4,016 (2008: £10,687) for UK corporation tax arises on the results for the year.

Subject to agreement with HM Revenue and Customs the company has trading losses of £2,779,000 (2008: £2,783,000) which results in a potential deferred tax asset of £584,000 (2008: £584,000) using a tax rate of 21%. The company also has a deferred tax asset of £3,600 (2008: £3,500) from depreciation exceeding capital allowances. The total deferred tax asset of £587,600 (2008: £587,500) has not been recognised as the directors cannot be reasonably certain that it will be utilised in the near future.

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

NOTES ON ACCOUNTS (continued)

	2009 £	2008 £	
8. TRANSFER AND LOAN FEES			
Included in the accounts are the following amounts in respect of transfer fees.			
Turnover – transfer fees receivable	131,587	269,139	
Cost of sales – transfer and loan fees payable	262,146	118,989	
9. TANGIBLE FIXED ASSETS			
	Short leasehold ground improvements £	Fixtures, fittings, tools and equipment £	Total £
Cost			
31 May 2008	616,396	207,837	824,233
Additions	4,125	-	4,125
At 31 May 2009	620,521	207,837	828,358
Depreciation			
31 May 2008	393,352	167,388	560,740
Charge for year	24,206	11,890	36,096
31 May 2009	417,558	179,278	596,836
Net book amount			
31 May 2009	202,963	28,559	231,522
31 May 2008	223,044	40,449	263,493
Future capital commitments	2009 £	2008 £	
	Nil	Nil	

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

9. TANGIBLE FIXED ASSETS (continued)

The company leases certain land and buildings on two short leases (less than fifty years). The annual rental on these leases were £9,700 (2008 £9,700). The company pays all insurance, maintenance and repairs on these properties.

10. FIXED ASSET INVESTMENTS

The company owns 100% of the issued share capital of Hereford United Football Club (1982) Limited, a company registered in England and Wales. Retained capital and profits for the year were

	2009 £	2008 £
Aggregate capital and reserves	(63,749)	(56,757)
Retained (loss)/profit for the year	(6,992)	401

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.

11. STOCK

	2009 £	2008 £
Football equipment	2,550	2,550
Club shop	12,360	19,472
	<u>14,910</u>	<u>22,022</u>

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED**REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009****NOTES ON ACCOUNTS (continued)****12. DEBTORS****Amounts falling within one year**

	2009	2008
	£	£
Trade debtors	111,940	54,225
Amounts due from subsidiary undertaking	62,046	56,046
Other debtors, prepayments and accrued income	82,103	8,317
	<u>256,089</u>	<u>118,588</u>

13. CREDITORS**Amounts falling due within one year**

	2009	2008
	£	£
Loan – Football League	24,850	-
Trade creditors	41,714	57,018
Other taxation and social security	19,191	31,054
Other creditors	10,494	67,651
Accruals and deferred income	76,294	132,083
Former directors' loan accounts	20,000	20,000
Corporation tax liability	4,016	12,353
	<u>196,559</u>	<u>320,159</u>

14. CREDITORS**Amounts falling due after more than one year**

	2009	2008
	£	£
Loan – Edgar Street Properties Ltd (note 21)	550,000	550,000
Loan – Edgar Street Properties Ltd (note 21)	519,500	519,500
Loan – Football League	50,600	-
Deferred income (note 15)	75,040	86,099
Deferred Income	-	45,000
	<u>1,195,140</u>	<u>1,200,599</u>

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

15. DEFERRED INCOME

Deferred income relating to capital expenditure

	2009 £	2008 £
1 June 2008	97,158	108,217
Release to profit and loss account	(11,059)	(11,059)
	<u>86,099</u>	<u>97,158</u>
Current obligations	(11,059)	(11,059)
	<u>75,040</u>	<u>86,099</u>
31 May 2009 amounts falling due after more than one year (note 14)		

16. RECONCILIATION OF SHAREHOLDERS' DEFICIT

	2009 £	2008 £
Profit for the financial year	26,899	408,647
Opening shareholders' deficit	(186,762)	(595,409)
	<u>(159,863)</u>	<u>(186,762)</u>

17. CALLED UP SHARE CAPITAL

	2009		2008	
	Number of Shares	£	Number of shares	£
Authorised				
Ordinary shares of 25p each	<u>40,000</u>	<u>10,000</u>	<u>40,000</u>	<u>10,000</u>
Allotted called up and fully paid				
Ordinary shares of 25p each	<u>40,000</u>	<u>10,000</u>	<u>40,000</u>	<u>10,000</u>

18. PROFIT AND LOSS ACCOUNT

	£
1 June 2008	(196,762)
Profit for the year	<u>26,899</u>
31 May 2009	<u>(169,863)</u>

HEREFORD UNITED FOOTBALL CLUB (1939) LIMITED

REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MAY 2009

NOTES ON ACCOUNTS (continued)

19. COMMITMENTS UNDER OPERATING LEASES

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 May 2010

	Land and Buildings 2009 £	2008 £
Operating leases which expire after more than five years	9,700	9,700

20. RELATED PARTY DISCLOSURES

Balances at the year end owed by the company to shareholders amounted to

	£
P S Hill	10,000
M B Roberts	10,000

There has been no movement on these loans during the year. Other related party transactions are referred to in note 21.

21. GOING CONCERN

In May 1997 Bristol Stadiums Ltd advanced a loan of £500,000 on which interest accrued

In May 1998 a further £500,000 by Formsole (a company owned 50% by Bristol Stadiums Ltd and 50% by Chelverton) was advanced. This loan was interest free.

Formsole now known as Edgar Street Properties Ltd is wholly owned now by Richardson Developments. No further interest is being accrued on the first loan.

Hereford City Council owns the freehold of the ground, Richardson Developments have been assigned the leases, Hereford United Football Club (1939) Limited and Hereford United Football Club (1982) Limited have mirrored under leases and pay rent directly to Richardson Developments.

Hereford United Football Club (1939) Limited and Hereford United Football Club (1982) Limited are responsible for repair and renewal of the ground and its facilities.

Hereford United Football Club (1939) Limited and Hereford United Football Club (1982) Limited have negotiated a Joint Venture Agreement with Richardson Developments to redevelop the ground incorporating Commercial and Spectator facilities. The repayment of the two loans and accrued interest is incorporated in the Joint Venture Agreement. The loans are due to be repaid out of the proceeds gained from the Joint Venture going ahead in the future.

In view of the current economical climate there are no immediate plans for work to commence on the commercial development, therefore the loans are repayable after more than 1 year.

Bristol Stadiums and Chelverton have no further interest in the loans or the Ground.