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CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

Company registration number 1788466

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 1995

DUKE HAYWARD

Chartered Accountants



CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

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FOR THE YEAR ENDED 31 MAY 1995

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CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements of the company for the year ended 31 May 1995.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of a professional football club.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £1,336,766.

In common with virtually all professional football clubs, the company does not show the value of its playing staff in the balance sheet. At 31 May 1995 playing staff had an insurance valuation of not less than £4,450,000 and in the opinion of the directors this is a conservative valuation in the current transfer market.

The directors do not recommend the payment of a dividend.

SHARE CAPITAL

Details of changes in the share capital of the company during the year are set out in note 12 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R N Alwen
G P Bone
S T Clarke
R D Collins
J T T Fuller (appointed 16/01/95)
R A Murray
M A Simons
M C Stevens
D G Ufton

Mr S T Clarke resigned as a director on 20 June 1995. Mr C V Norris was appointed a director on 1 July 1995. No director held any beneficial interest in the share capital of the company at 31 May 1995. The interest of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

DIRECTORS' REPORT (CONTINUED)

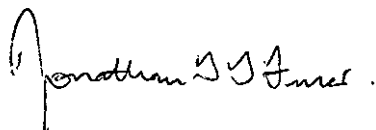
FIXED ASSETS

Details of movements in the fixed assets of the company are disclosed in note 7 to the financial statements.

AUDITORS

The auditors, Duke Hayward, will be proposed for reappointment in accordance with Section 384 of the Companies Act 1985.

By Order of the Board



J T T Fuller
Secretary

Registered Office: The Valley
Floyd Road
Charlton
London SE7 8BL.

Date: 18 September 1995

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

We have audited the financial statements set out on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

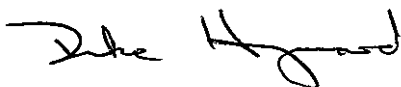
BASIS OF OPINION

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 circumstances of the company, 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 at 31 May 1995 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DUKE HAYWARD
Chartered Accountants
and Registered Auditors

11/13 Coombe Road
New Malden
Surrey KT3 4PX.

Date: 18 September 1995.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1995

		1995		1994
		£	£	£
TURNOVER	2		2,720,169	2,916,212
Cost of sales		374,812		400,010
Administrative expenses		471,618		552,001
Player and match expenses		3,062,524		2,762,539
		<u> </u>	<u> </u>	<u> </u>
		(3,908,954)		(3,714,550)
OPERATING LOSS		(1,188,785)		(798,338)
Financing charges	4	(185,462)		(160,159)
Transfer fees receivable less transfer fees payable		37,481		1,143,027
		<u> </u>		<u> </u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,336,766)		184,530
Taxation on (loss)/profit on ordinary activities	6	-		-
		<u> </u>		<u> </u>
(LOSS)/PROFIT for the financial year		(1,336,766)		184,530
ACCUMULATED LOSS BROUGHT FORWARD		(5,032,486)		(5,217,016)
		<u> </u>		<u> </u>
ACCUMULATED LOSS CARRIED FORWARD		£(6,369,252)		£(5,032,486)
		<u> </u>		<u> </u>

CONTINUING OPERATIONS

All items dealt with in arriving at the (loss)/profit for both years relate to continuing activities.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the (loss)/profit for the above two financial years.

The accompanying notes form part of these financial statements.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

BALANCE SHEET AT 31 MAY 1995

	Notes	1995		1994	
		£	£	£	£
TANGIBLE FIXED ASSETS	7		7,230,461		6,369,415
CURRENT ASSETS					
Stock		36,725		49,904	
Debtors	8	326,138		1,767,681	
Cash at bank and in hand		62,037		4,753	
		<u>424,900</u>		<u>1,822,338</u>	
CREDITORS: Amounts falling due within one year	9	<u>3,730,195</u>		<u>3,778,055</u>	
NET CURRENT LIABILITIES			<u>(3,305,295)</u>		<u>(1,955,717)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,925,166		4,413,698
CREDITORS: Amounts falling due after more than one year	10		(1,760,058)		(1,273,311)
DEFERRED INCOME	11		<u>(3,551,796)</u>		<u>(3,190,309)</u>
NET LIABILITIES			<u>£(1,386,688)</u>		<u>£ (49,922)</u>
CAPITAL AND RESERVES					
Called up share capital	12		4,982,564		4,982,564
Profit and loss account			<u>(6,369,252)</u>		<u>(5,032,486)</u>
Shareholders Funds	13		<u>£(1,386,688)</u>		<u>£ (49,922)</u>

Signed on behalf of the Board


R. A. Murray
Director

Approved by the Board on 18 September 1995

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION

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

1.2 TURNOVER

Turnover represents receipts from match days, the Football League, the Football Association and other income associated with the principal activity of running a professional football club and is stated net of value added tax.

1.3 DEPRECIATION

Depreciation is not provided in the year of acquisition.

Depreciation is provided using the straight line method, to write down the cost of tangible fixed assets over their estimated useful lives as follows:

Ground improvements	20 - 50 years
Ground and office equipment	3 - 5 years
Motor vehicles	3 years

1.4 GRANTS RECEIVED

Grants received from The Football Trust in respect of safety work and ground improvements are carried in the balance sheet as deferred income and released to the profit and loss account over the life of the assets to which they relate.

1.5 VALLEY INVESTMENT PLAN

The net amount received by the company through the Valley Investment Plan is treated as deferred income in the balance sheet and is being released to the profit and loss account over the period in which the investors receive a free season ticket or a discount on the price of season tickets or Football League match tickets.

1.6 TRANSFER FEES

Transfer fees payable and receivable are charged or credited to the profit and loss account in the year in which the contracts are signed.

1.7 SIGNING ON FEES/LOYALTY PAYMENTS

Signing on fees/loyalty payments are charged to the profit and loss account in the accounting period in which they are payable.

1.8 DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to be reversed in the foreseeable future.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

1.9 LEASING AND HIRE PURCHASE COMMITMENTS

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives.

The interest element of the agreements is charged to the profit and loss account over the period of the contracts and represents a constant proportion of the balance of capital repayments outstanding.

2. TURNOVER

Turnover, all of which arises in the United Kingdom, is stated net of value added tax and comprises:

	1995 £	1994 £
Match receipts	1,300,137	1,608,636
Marketing, sponsorship and hospitality receipts	461,988	237,557
Receipts from Football League and Football Association	343,444	392,358
Television and radio rights	75,260	158,721
Sale of programmes	167,605	172,854
Shop sales	324,865	285,605
Other income	46,870	60,481
	<u>£2,720,169</u>	<u>£2,916,212</u>

3. STAFF COSTS

	1995 £	1994 £
3.1 Staff costs		
Wages and salaries	2,039,579	1,573,453
Social security costs	190,737	160,983
Other pension costs	32,379	88,705
	<u>£2,262,695</u>	<u>£1,823,141</u>

3.3 Average number of employees:

	1995 Number	1994 Number
Full-time playing, training and management	60	53
Administration and maintenance	25	23
	<u>85</u>	<u>76</u>

3.3 Directors' remuneration including benefits in kind amounted to £58,717 (1994 - £24,000).

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

4. FINANCING CHARGES

	1995	1994
	£	£
Interest on bank loans and overdrafts	48,129	48,426
Interest under finance leases	2,401	2,237
Other interest	56,785	80,986
Interest on loans repayable within 5 years not by instalments	78,464	29,087
	<hr/>	<hr/>
	185,779	160,736
Interest receivable	(317)	(577)
	<hr/>	<hr/>
	£185,462	£160,159
	<hr/>	<hr/>

5. (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
The (loss)/profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit services	8,000	7,000
Directors' remuneration	58,717	24,000
Depreciation	219,271	142,694
Rentals under operating leases		
Hire of plant and machinery	9,268	13,803
Other operating leases	229,526	141,856
	<hr/>	<hr/>
and after crediting:		
Amortisation of grant	70,584	49,999
	<hr/>	<hr/>

6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

There is no liability to UK corporation tax (1994 - nil).

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Ground improvements £	Ground and office equipment £	Motor vehicles £	Total £
COST				
At 1 June 1994	6,471,158	221,911	£ 25,956	6,719,025
Additions	923,878	156,439	-	1,080,317
	<u>£7,395,036</u>	<u>£378,350</u>	<u>£ 25,956</u>	<u>£7,799,342</u>
DEPRECIATION				
At 1 June 1994	203,833	120,719	25,058	349,610
Charge for year	186,770	31,603	898	219,271
	<u>£390,603</u>	<u>£152,322</u>	<u>£ 25,956</u>	<u>£568,881</u>
NET BOOK VALUE				
At 31 May 1995	<u>£7,004,433</u>	<u>£226,028</u>	<u>£ -</u>	<u>£7,230,461</u>
At 31 May 1994	<u>£6,267,325</u>	<u>£101,192</u>	<u>£ 898</u>	<u>£6,369,415</u>

The net book value of assets held under finance leases at 31 May 1995 was £58,588 (1994 - £898).

8. DEBTORS

	1995 £	1994 £
Trade debtors	78,655	48,788
Due from fellow subsidiary	-	25,294
Other debtors	181,398	1,601,860
Prepayments and accrued income	66,085	91,739
	<u>£326,138</u>	<u>£1,767,681</u>

9. CREDITORS: Amounts falling due within one year

	£	£
Bank loans and overdrafts	277,332	610,620
Obligations under finance leases	16,345	3,252
Due to group undertakings	1,554,228	953,555
Secured deferred loan (Note 10.2)	200,000	200,000
Football Trust loan (Note 10.3)	39,996	-
Trade creditors	711,284	1,146,730
Other taxes and social security payments	335,844	431,379
Other creditors	28,130	15,977
Accruals and deferred income	567,036	416,542
	<u>£3,730,195</u>	<u>£3,778,055</u>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

10. CREDITORS: Amounts falling due after more than one year

	1995 £	1994 £
Amount due to directors and companies controlled by directors (note 10.1)	1,290,036	772,498
Secured deferred loan (note 10.2)	300,000	500,000
Football Trust loan (Note 10.3)	139,986	-
Obligations under finance leases	30,036	813
	<u>£1,760,058</u>	<u>£1,273,311</u>

10.1 Directors' loans

£300,000 of the loans at 31 May 1995 is repayable on 12 November 1996. The other loans have no fixed date for repayment but will not be repaid before 31 May 1996. Interest on normal commercial terms is paid on £1,276,248 of loans. The other loans of £13,788 are interest free.

10.2 Secured deferred loan

The secured deferred loan is repayable in instalments as set out below, with the final payment scheduled for 1 September 1996. The loan is secured by a first legal mortgage over the company's leasehold interest in The Valley and the guarantee of Charlton Athletic Holdings Limited. Interest is only payable in the event of a default by the company in meeting the repayment terms of the loan.

	£
Instalments falling due:	
Within one year	200,000
Between two and five years	300,000
	<u>£500,000</u>

10.3 Football Trust loan

The loan from The Football Trust is interest free and repayable in monthly instalments.

	£
Instalments falling due:	
Within one year	39,996
Between two and five years	139,986
	<u>£179,982</u>

11. DEFERRED INCOME

	1995 £	1994 £
At 1 June 1994	3,190,309	1,812,301
Valley Investment Plan	-	(50,061)
Grants receivable	517,138	1,557,529
	<u>3,707,447</u>	<u>3,319,769</u>
Released to profit and loss account	(155,651)	(129,460)
At 31 May 1995	<u>£3,551,796</u>	<u>£3,190,309</u>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

12. CALLED UP SHARE CAPITAL

	1995	1994
Authorised:		
5,500,000 ordinary shares of £1 each	£5,500,000	£5,500,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
4,982,564 ordinary shares of £1 each	£4,982,564	£4,982,564
	<u> </u>	<u> </u>

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
(Loss)/profit for the year	(1,336,766)	184,530
Shares issued in year	-	4,532,564
Shareholders' funds at 31 May 1994	(49,922)	(4,767,016)
	<u> </u>	<u> </u>
Shareholders' funds at 31 May 1995	£(1,386,688)	£ (49,922)
	<u> </u>	<u> </u>

14. OPERATING LEASE COMMITMENTS

At 31 May 1995 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	Other
	£	£
Leases which expire:		
Within one year	-	72,444
Within 2 - 5 years	-	36,671
After 5 years	140,625	-
	<u> </u>	<u> </u>
	£140,625	£109,115
	<u> </u>	<u> </u>

15. CAPITAL COMMITMENTS

At 31 May 1995 the company had capital commitments contracted for of £Nil (1994 - £659,466).

16. CONTINGENT LIABILITIES

At 31 May 1995 additional transfer fees payable of £50,000 (1994 - £25,000) will arise upon a player making a specific number of appearances. Signing on fees due to players as part of their contract of employment amounted to £253,833 (1994 - £152,500).

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1995 (CONTINUED)

17. TRANSACTIONS WITH DIRECTORS

Mr R A Murray is a trustee of the Mongoose Executive Pension Fund. Interest on normal commercial terms of £26,438 was payable in the year in respect of a loan made by this Fund.

Mr R A Murray is a director of Bolistrom Limited. Interest on normal commercial terms of £52,025 was payable in the year in respect of a loan made by this company.

Mr R N Alwen is a trustee of the Alwen Family Children's Trust which received rent of £12,500 on normal commercial terms in the course of the year.

18. GOING CONCERN

The accounts have been prepared on a going concern basis notwithstanding the company's net current liabilities and net liabilities at 31 May 1995 on the basis that the parent company will continue to provide support for the foreseeable future and that the company had a playing staff with an insurance valuation of £4,450,000 at 31 May 1995 which is not included in the balance sheet. In the opinion of the directors this is a conservative valuation in the current transfer market.

19. ULTIMATE PARENT COMPANY

Charlton Athletic plc, incorporated in England, is the ultimate parent company of the company.