

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

Company registration number 1788466

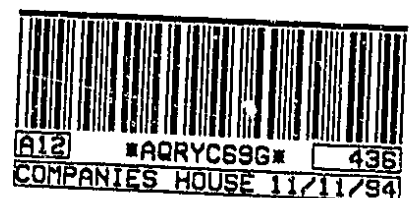
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 1994

DUKE HAYWARD

Chartered Accountants



CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

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FOR THE YEAR ENDED 31 MAY 1994

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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 1994.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The profit for the year after taxation was £184,530.

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 1994 playing staff had an insurance valuation of not less than £3 million 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 13 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R N Alwen
G P Bone (appointed 21/02/1994)
S T Clarke
R D Collins
R A Murray
M A Simons
M C Stevens
D G Ufton

No director held any beneficial interest in the share capital of the company at 31 May 1994. 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)

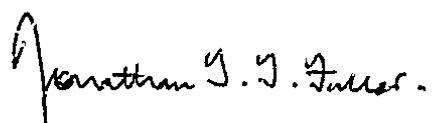
FIXED ASSETS

Details of movements in the fixed assets of the company are disclosed in note 8 to the financial statements.

AUDITORS

Messrs Duke Hayward have been appointed as auditors to the company and a resolution proposing their reappointment will be put to the Annual General Meeting.

By Order of the Board



J T T Fuller
Secretary

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

Date: 26 September 1994

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.

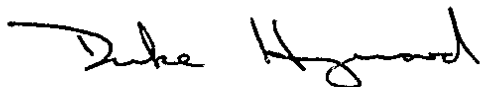
BASIS OF OPINION

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 1994 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: 26 September 1994

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1994

	Notes	1994	1993
		£	£
TURNOVER	2	2,916,212	2,226,393
Cost of sales		400,010	389,170
Administrative expenses		552,001	500,642
Player and match expenses		2,762,539	2,707,556
		<u>(3,714,550)</u>	<u>(3,597,368)</u>
OPERATING LOSS		(798,338)	(1,370,975)
Financing charges	4	(160,159)	(85,124)
Exceptional item	5	-	(194,970)
Transfer fees receivable less transfer fees payable		<u>1,143,027</u>	<u>1,050,397</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	184,530	(600,672)
Taxation on profit/(loss) on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) for the financial year		184,530	(600,672)
ACCUMULATED LOSS BROUGHT FORWARD		<u>(5,217,016)</u>	<u>(4,616,344)</u>
ACCUMULATED LOSS CARRIED FORWARD		<u>£(5,032,486)</u>	<u>£(5,217,016)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit/(loss) 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 1994

	Notes	1994	1993
		£	£
TANGIBLE FIXED ASSETS	8	6,369,415	4,177,882
CURRENT ASSETS			
Stock		49,904	52,645
Debtors	9	1,767,681	288,323
Cash at bank and in hand		4,753	6,761
		<u>1,822,338</u>	<u>347,729</u>
CREDITORS: Amounts falling due within one year	10	<u>3,778,055</u>	<u>2,974,894</u>
NET CURRENT LIABILITIES		<u>(1,955,717)</u>	<u>(2,627,165)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,413,698	1,550,717
CREDITORS: Amounts falling due after more than one year	11	(1,273,311)	(4,505,432)
DEFERRED INCOME	12	<u>(3,190,309)</u>	<u>(1,812,301)</u>
NET LIABILITIES		<u>£ (49,922)</u>	<u>£ (4,767,016)</u>
CAPITAL AND RESERVES			
Called up share capital	13	4,982,564	450,000
Profit and loss account		<u>(5,032,436)</u>	<u>(5,217,016)</u>
Shareholders Funds	14	<u>£ (49,922)</u>	<u>£ (4,767,016)</u>

Signed on behalf of the Board

R N Alwen
Director

R A Murray
Director

Approved by the Board on 26 September 1994

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 1994

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 1994 (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:

	1994 £	1993 £
Match receipts	1,608,636	1,101,629
Advertising and sponsorship receipts	114,117	63,349
Receipts from Football League and Football Association	392,358	324,258
Television and radio rights	158,721	128,742
Sale of programmes	172,854	111,818
Shop sales	285,605	258,390
Other income	183,921	238,207
	<u>£2,916,212</u>	<u>£2,226,393</u>

3. STAFF COSTS

	1994 £	1993 £
3.1 Staff costs		
Wages and salaries	1,573,453	1,542,397
Social security costs	160,983	151,946
Other pension costs	88,705	124,093
	<u>£1,823,141</u>	<u>£1,818,436</u>

3.3 Average number of employees:

	1994 Number	1993 Number
Full-time playing, training and management	53	49
Administration and maintenance	23	20
	<u>76</u>	<u>69</u>

3.3 The Chairman's remuneration was £24,000 (1993 - £8,000). No remuneration was paid to any other director.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1994 (CONTINUED)

4. FINANCING CHARGES

	1994	1993
	£	£
Interest on bank loans and overdrafts	48,426	45,750
Interest under finance leases	2,237	13,208
Other interest	80,986	43,767
Interest on loans repayable within 5 years not by instalments	29,087	-
	<u>160,736</u>	<u>102,725</u>
Interest receivable	(577)	(17,601)
	<u>£160,159</u>	<u>£ 85,124</u>

5. EXCEPTIONAL ITEM

Abortive Valley development costs written off and professional fees incurred in respect of the return to The Valley	£ -	£194,970
	<u>£ -</u>	<u>£194,970</u>

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1994	1993
	£	£
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit services	7,000	11,000
Non audit services	-	64,625
Directors' remuneration	24,000	8,000
Depreciation	142,694	160,985
Rentals under operating leases		
Hire of plant and machinery	13,803	9,021
Other operating leases	141,856	406,381
	<u>49,999</u>	<u>25,545</u>
and after crediting:		
Amortisation of grant	49,999	25,545
	<u>49,999</u>	<u>25,545</u>

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

There is no liability to UK corporation tax (1993 - nil).

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1994 (CONTINUED)

8. TANGIBLE FIXED ASSETS

	Ground improvements £	Ground and office equipment £	Motor vehicles £	Total £
COST				
At 1 June 1993	4,147,708	196,572	138,579	4,482,959
Additions	2,323,450	25,239	-	2,348,689
Disposals	-	-	(112,623)	(112,623)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1994	£6,471,158	£221,911	£ 25,956	£6,719,025
	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION				
At 1 June 1993	102,879	89,587	112,611	305,077
Charge for year	100,954	31,132	10,608	142,694
Released on disposal	-	-	(98,161)	(98,161)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1994	£203,833	£120,719	£ 25,058	£349,610
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE				
At 31 May 1994	£6,267,325	£101,192	£ 898	£6,369,415
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1993	£4,044,829	£107,085	£ 25,968	£4,177,882
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under finance leases at 31 May 1994 was £898 (1993 - £25,968).

9. DEBTORS

	1994 £	1993 £
Trade debtors	48,788	13,416
Due from fellow subsidiary	25,294	33,740
Other debtors	1,601,860	71,685
Prepayments and accrued income	91,739	169,482
	<hr/>	<hr/>
	£1,767,681	£288,323
	<hr/>	<hr/>

10. CREDITORS: Amounts falling due within one year

	£	£
Bank loans and overdrafts	610,620	412,237
Obligations under finance leases	3,252	21,469
Due to parent company	953,555	-
Secured deferred loan (Note 11.2)	200,000	200,000
Trade creditors	1,146,730	1,347,479
Other taxes and social security payments	431,379	293,427
Other creditors	15,977	151,477
Accruals and deferred income	416,542	548,805
	<hr/>	<hr/>
	£3,778,055	£2,974,894
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1994 (CONTINUED)

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

	1994 £	1993 £
Amount due to directors and companies controlled by directors (note 11.1)	772,498	2,233,210
Amount due to a former director and a company controlled by him	-	1,370,817
Unsecured loan notes	-	252,620
Secured deferred loan (note 11.2)	500,000	622,500
Obligations under finance leases	813	26,285
	<u>£1,273,311</u>	<u>£4,505,432</u>

11.1 Directors' loans

During the year certain directors of the company acquired the loans due to a former director and a company controlled by him. On 6 September 1993 all amounts due to directors and companies controlled by them including the unsecured loan notes, were converted into non cumulative preference shares of £1 each and ordinary shares of £1 each as set out in note 13.

£300,000 of the loans at 31 May 1994 is repayable on 12 November 1996. The other loans have no fixed date for repayment but will not be repaid before 31 May 1995. Interest on normal commercial terms is paid on £572,498 of loans. The other loan is interest free.

11.2 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	500,000
	<u>£700,000</u>

12. DEFERRED INCOME

	1994 £	1993 £
At 1 June 1993	1,812,301	-
Valley Investment Plan	(50,061)	906,737
Grants receivable	1,557,529	1,021,784
	<u>3,319,769</u>	<u>1,928,521</u>
Released to profit and loss account	(129,460)	(116,220)
At 31 May 1994	<u>£3,190,309</u>	<u>£1,812,301</u>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MAY 1994 (CONTINUED)

13. CALLED UP SHARE CAPITAL

	1994	1993
Authorised:		
5,500,000 ordinary shares of £1 each	£5,500,000	£1,500,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
4,982,564 ordinary shares of £1 each	£4,982,564	£ 450,000
	<u> </u>	<u> </u>

On 6 September 1993 the authorised share capital of the company was increased to £5,500,000 by the creation of 4,000,000 non-cumulative preference shares of £1 each.

On the same date the following issues of share capital were made:

- 350,000 ordinary shares of £1 each on the conversion of £350,000 of directors' loans
- 200,000 ordinary shares of £1 each were allotted for cash at par pursuant to a rights issue to increase the working capital of the company
- 3,656,648 non-cumulative preference shares of £1 each were issued at par on the conversion of the balance of directors' loans at that date
- 77,708 non-cumulative preference shares of £1 each were issued at par to satisfy a debt due to the Kennedy Woodward Partnership.

On 13 December 1993 the authorised share capital of the company was varied by the conversion of all the non-cumulative preference shares into ordinary shares and pursuant to that 3,734,356 ordinary shares of £1 each were issued at par on the conversion of the non-cumulative preference shares then in issue.

On the same date a further 248,208 ordinary shares of £1 each were issued at par on the conversion of the balance of £214,208 of directors' loans at that date and in settlement of a debt of £34,000.

On 13 December 1993 the entire issued share capital of the company was acquired by Charlton Athletic plc.

14. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

	1994	1993
	£	£
Profit/(loss) for the year	184,530	(600,672)
Shares issued in year	4,532,564	-
Shareholders' funds at 31 May 1993	(4,767,016)	(4,166,344)
	<u> </u>	<u> </u>
Shareholders' funds at 31 May 1994	£ (49,922)	£(4,767,016)
	<u> </u>	<u> </u>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 1994 (CONTINUED)

15. OPERATING LEASE COMMITMENTS

At 31 May 1994 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 2 - 5 years	-	36,671
After 5 years	128,125	-
	<u>£128,125</u>	<u>£36,671</u>

16. CAPITAL COMMITMENTS

At 31 May 1994 the company had capital commitments contracted for of £659,466 (1993 - nil).

17. CONTINGENT LIABILITIES

At 31 May 1994 additional transfer fees payable of £25,000 (1993 - £10,000) 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 £152,500 (1993 - £64,500).

18. TRANSACTIONS WITH DIRECTORS

During the year the company incurred expenditure amounting to £25,000 on architects' services provided by The Kennedy Woodward Partnership, a firm in which Mr R D Collins is a senior partner.

Mr R A Murray is a trustee and beneficiary of the Mongoose Executive Pension Fund. Interest on normal commercial terms of £13,812 was payable in the year in respect of a loan made by this Fund.

Mr R A Murray is a director and shareholder of Bolistrom Limited. Interest on normal commercial terms of £15,275 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 £5,537 on normal commercial terms in the course of the year.

19. 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 1994 on the basis that the parent company will continue to provide support for the foreseeable future.

20. ULTIMATE PARENT COMPANY

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