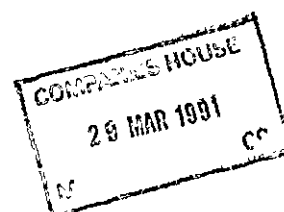


NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
For the year ended 31 May 1990

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NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS

W G McKeag BA (Chairman)
G R Forbes (Vice-Chairman)
S Seymour
J Rush AFC
P C Mallinger
R Young
R Cushing
J Hall

GENERAL MANAGER AND SECRETARY

R Cushing

TEAM MANAGER

J Smith

REGISTERED OFFICE

St James' Park
Newcastle upon Tyne
NE1 4ST

AUDITORS

Coopers & Lybrand Deloitte
Hadrian House
Higham Place
Newcastle upon Tyne
NE1 8BP

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

The directors submit their annual report and audited financial statements for the year ended 31 May 1990.

ACTIVITIES OF THE COMPANY

The principal activity of the company continued to be that of a professional Football Club.

RESULTS AND DIVIDENDS

The loss after taxation for the year was £1,311,884 (1989 - profit £9,510).

The directors propose there be no dividend and that the loss for the year be deducted from reserves.

FIXED ASSETS

The movements in fixed assets are set out in note 8 on page 14.

The value of land and buildings increased significantly as a result of a valuation of St James' Park carried out by Sanderson Townend and Gilbert as at 1 January 1990.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the share capital of the company at 31 May 1990 were as follows:

	Number of ordinary shares of 50p each	
	31 May 1990	31 May 1989
W G McKeag BA (Chairman)	995,477	292
S Seymour (President)	107,000	91
Sir George Bowman Bt JP	201,884	78
G R Forbes	231,325	55
P C Mallinger	420,590	100
R Young	630,887	150
R Cushing (Appointed 21 November 1989)	20,000	2 *
J Hall (Appointed 17 April 1990)	422,562	422,562 *

Mr J Rush AFC resigned on 17 April 1990.

* Interest in share capital at date of appointment

R Cushing and W G McKeag retire by rotation and in accordance with the Articles of Association, being eligible, offer themselves for re-election.

The directors note with deep regret the death of Sir George Bowman in August 1990. Sir George served the company as a director for many years, and he will be sadly missed.

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS (continued)

The directors also express their thanks to Mr J Rush for his many years of service as a director of the company. On his retirement from the board of directors he became vice-president of the company.

Several of the directors have other directorships in companies which trade with Newcastle United Football Company Limited. All the relevant transactions are undertaken at normal commercial rates and at arm's length.

SHARES

During the year the company's share capital was increased in two stages from £1,000 to £3,994,968 in two stages. Initially, a bonus issue of 1,999 fully paid shares for each one held was made out of reserves, increasing share capital to £2,000,000. Subsequently a one for one rights issue was made for cash which was almost fully subscribed.

CHARITABLE DONATIONS

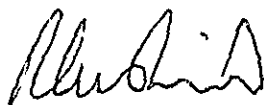
Charitable donations during the year amounted to £10,610.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Coopers & Lybrand Deloitte as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD

R CUSHING



General Manager and Secretary
12 October 1990

**AUDITORS' REPORT
TO THE MEMBERS OF NEWCASTLE UNITED FOOTBALL COMPANY LIMITED**

We have audited the financial statements on pages 6 to 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers Lybrand Deloitte
COOPERS & LYBRAND DELOITTE

Chartered Accountants

Newcastle upon Tyne
12 October 1990

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The company prepares its financial statements on the historical cost basis of accounting, as modified by the revaluation of certain fixed assets.

TURNOVER

Turnover represents all income arising from the activities of the Football Club, all gross income from games and lotteries run by the company's Development Association, and gross income from the Club Shop. Transfer fees received are excluded.

DEPRECIATION

The rates of depreciation applied are calculated to write off tangible fixed assets by equal annual instalments over the following estimated useful lives:

Residential properties and Benwell Sports Hall	- 60 years
Ground erections and equipment	- 6 years
East stand executive boxes	- 20 years
Ground development	- Over the period of lease of St James' Park
Fixtures and fittings	- 6 years
Motor vehicles	- 4 years

No depreciation is provided on the freehold sports ground.

EXPENDITURE UNDER THE SAFETY OF SPORTS GROUNDS ACT, 1975

Expenditure required under the Safety of Sports Grounds Act, 1975, together with related grants from the Football Grounds Improvement Trust is dealt with in the Profit and Loss Account as and when incurred.

STOCKS

Stocks comprise goods for resale in the Club Shop and bar stocks throughout the ground. They are stated in the balance sheet at the lower of cost and net realisable value.

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

ACCOUNTING POLICIES (continued)

TRANSFER FEES, SIGNING-ON FEES AND LOYALTY BONUSES

Transfer fees payable and receivable are charged or credited in full to the Profit and Loss Account at the time at which the transfer takes place. Signing-on fees and loyalty bonuses paid to players are charged to the Profit and Loss Account according to the due date for payment. Transfer fees contingent on future appearances and signing-on fees due in the future on continued service are not provided for but are noted as contingent liabilities.

DEFERRED TAXATION

Deferred taxation is provided at current rates under the liability method on all material timing differences to the extent that it is likely that a liability will crystallise in the foreseeable future.

CAPITAL GRANTS

Grants received from the Football Grounds Improvement Trust towards the construction of the Milburn Stand have been treated as deferred income and are released to income over the life of the asset.

ASSETS ACQUIRED FOR NON CASH CONSIDERATION

The company has entered into a number of agreements whereby fixed assets are supplied in return for advertising, match tickets and hospitality facilities.

Fixed assets acquired in this way are capitalised at their estimated market value at the date of the agreement, and a corresponding credit is made to deferred income.

Of the amount capitalised an amount equal to the value of the facilities provided is credited to the Profit and Loss Account over the period of the agreement between the two parties.

The excess of the capitalised value of the asset, if any, over the value of the facilities provided in return, is released to income over the life of the asset.

LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The corresponding leasing commitments are shown as obligations to the lessor. Depreciation is charged to the Profit and Loss Account. Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the Profit and Loss Account.

All other leases are "operating leases", and the rental payments are charged directly to the Profit and Loss Account on a straight line basis over the lease term.

PENSION COSTS

Certain of the company's eligible administrative staff are members of the Football League Limited Pensions and Life Assurance Scheme. This is a defined benefit scheme based on final pensionable salary with both the company and staff making contributions into the Fund. Contributions are accounted for as they fall due.

Players and other employees are responsible for providing their own pensions, and the company makes no contributions in respect of these.

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 May 1990

	Notes	1990 £	1989 £
TURNOVER	1	3,932,929	3,656,657
Other operating income		184,917	71,916
		<u>4,117,846</u>	<u>3,728,573</u>
Payroll costs		(1,986,448)	(2,013,420)
Signing-on fees		(618,283)	(633,698)
Depreciation		(383,863)	(310,452)
Other operating costs		(1,692,488)	(1,446,430)
OPERATING LOSS		<u>(563,236)</u>	<u>(675,427)</u>
Interest receivable and similar income	3	1,279	11,431
Interest payable and similar charges	4	(700,815)	(503,603)
Net transfer fees	5	(49,112)	1,175,000
		<u></u>	<u></u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(1,311,884)	7,401
Taxation credit	7	-	2,109
		<u></u>	<u></u>
RETAINED (LOSS)/PROFIT FOR THE YEAR	14	<u>£(1,311,884)</u>	<u>£9,510</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

BALANCE SHEET

At 31 May 1990

	Notes	1990 £	1989 £
FIXED ASSETS			
Tangible assets	8	10,358,622	6,975,395
CURRENT ASSETS			
Stocks		105,244	11,902
Debtors	9	822,851	1,211,120
Cash at bank and in hand		208,878	189,416
		1,136,973	1,412,438
CREDITORS: Amounts falling due within one year	10	2,289,921	3,019,554
Season tickets and executive boxes sold for 1990/91 season		4,210	35,122
NET CURRENT LIABILITIES		(1,157,158)	(1,642,238)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,201,464	5,333,157
CREDITORS: Amounts falling due after more than one year	10	3,204,612	3,472,207
DEFERRED INCOME	11	917,224	732,030
		£5,079,628	£1,128,920
CAPITAL AND RESERVES			
Called-up share capital	13	3,994,968	1,000
Revaluation reserve	14	1,268,624	-
Profit and loss account	14	(183,964)	1,127,920
		£5,079,628	£1,128,920

The financial statements set out on pages 6 to 20 were approved by the board on 12 October 1990 and signed on its behalf by:

W G McKEAG

G R FORBES

)
) Directors
)

W. G. McKeag
G. R. Forbes
- 9 -

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS For the year ended 31 May 1990

	1990 £	1989 £
SOURCE OF FUNDS		
(Loss)/profit on ordinary activities before taxation	(1,311,834)	7,401
Adjustments for items not involving the movement of funds:		
Depreciation	383,863	310,452
Release of deferred income	(67,628)	(9,270)
(Profit)/loss on disposal of tangible fixed assets	(67,013)	17,318
Tangible fixed assets written off	-	2,917
	<hr/>	<hr/>
FUNDS (ABSORBED BY)/GENERATED FROM OPERATIONS	(1,062,662)	328,818
FUNDS FROM OTHER SOURCES		
Proceeds from disposal of tangible fixed assets	131,365	51,751
Bank loans	-	532,476
Other loans	-	275,000
Capital grant receivable	-	45,730
Receipt of deferred income	252,822	-
Proceeds from share issue	1,994,968	-
Increase in creditors due after more than one year	-	72,839
	<hr/>	<hr/>
TOTAL SOURCE OF FUNDS	1,316,493	1,306,614
APPLICATION OF FUNDS		
Purchase of tangible fixed assets	563,818	1,862,029
Repayment of bank loans	147,826	82,700
Repayment of other loans	9,167	-
Decrease in creditors due after more than one year	36,598	-
	<hr/>	<hr/>
TOTAL APPLICATION OF FUNDS	(757,409)	(1,944,729)
NET SOURCE/(APPLICATION) OF FUNDS	<u>£559,084</u>	<u>£(638,115)</u>
THE NET MOVEMENT OF FUNDS IS REPRESENTED BY THE FOLLOWING INCREASE/(DECREASE) IN WORKING CAPITAL		
Stocks	93,342	11,902
Debtors	(388,269)	468,552
Creditors	688,542	(1,004,018)
Season ticket and executive box creditors	30,912	416,417
	<hr/>	<hr/>
	424,527	(107,147)
Movement in net liquid funds:		
Bank overdraft	115,095	(545,140)
Cash at bank and in hand	19,462	14,172
	<hr/>	<hr/>
	134,557	(530,668)
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>£559,084</u>	<u>£(638,115)</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 1990

1. TURNOVER

	1990 £	1989 £
Income arising from the activities of the Football Club	3,403,972	3,291,499
Development Association income	285,719	165,158
Shop income	243,238	-
	<hr/>	<hr/>
TOTAL TURNOVER	£3,932,929	£3,656,657
	<hr/> <hr/>	<hr/> <hr/>

2. DIRECTORS AND EMPLOYEES

(a) Directors

Including pension contributions, the aggregate of directors' emoluments for the year was £22,583 (1989 : £4,756).

(b) Employees

The average number of persons employed by the company during the year was:

	1990 Number	1989 Number
Full time employees	82	74
Part time employees	24	22
	<hr/>	<hr/>
	106	96
	<hr/> <hr/>	<hr/> <hr/>

The related costs of these persons was:

	1990 £	1989 £
Wages and salaries	2,371,931	2,446,828
Social Security costs	203,258	184,068
Other pension costs	29,542	16,222
	<hr/>	<hr/>
	£2,604,731	£2,647,118
	<hr/> <hr/>	<hr/> <hr/>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. DIRECTORS AND EMPLOYEES (continued)

The numbers of employees receiving remuneration over £30,000 within the following ranges were:-

	Number of employees	
	1990	1989
£30,001 - £35,000	2	2
£35,001 - £40,000	1	3
£40,001 - £45,000	1	2
£45,001 - £50,000	2	2
£50,001 - £55,000	6	1
£55,001 - £60,000	1	1
£60,001 - £65,000	1	1
£65,001 - £70,000	1	-
£70,001 - £75,000	1	1
£75,001 - £80,000	2	1
£80,001 - £85,000	1	1
£85,001 - £90,000	1	2
£95,001 - £100,000	1	-
£110,001 - £115,000	1	-
£140,001 - £145,000	1	-
£150,001 - £155,000	-	1
£155,001 - £160,000	-	1
£210,001 - £215,000	-	1
	<u>2</u>	<u>1</u>

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1990	1989
	£	£
Bank deposit interest	1,226	11,384
Other income	53	47
	<u>1,279</u>	<u>11,431</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1990 £	1989 £
Interest on bank overdrafts wholly repayable within five years	122,638	57,240
Interest on bank loans repayable after more than five years	506,129	424,676
Interest on finance leases and HP agreements	22,947	21,687
Other interest	49,101	-
	<u>£700,815</u>	<u>£503,603</u>

5. NET TRANSFER FEES

	1990 £	1989 £
Transfer fees receivable	2,169,388	5,712,500
Transfer fees payable	(2,218,500)	(4,537,500)
	<u>£(49,112)</u>	<u>£1,175,000</u>

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	1990 £	1989 £
Depreciation	383,863	310,452
Release of deferred income	(67,628)	(9,270)
Auditors' remuneration	12,875	8,500
Operating lease charges: other assets	<u>36,393</u>	<u>35,117</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. TAXATION

	1990 £	1989 £
UK corporation tax at 25% (1989 - 25%):		
Overprovision in respect of prior years	<u>-</u>	<u>(2,109)</u>

There are tax losses carried forward which at a tax rate of 25% amount to approximately £300,000 and which are available for set-off against corporation tax on future profits of the same trade. Of this amount approximately £71,000 has been used to reduce a liability that would otherwise be required for deferred taxation on the full liability basis.

8. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
COST OR VALUATION				
At 1 June 1989	7,393,344	343,787	80,233	7,817,364
Additions	429,285	119,431	15,102	563,818
Disposals	(53,870)	-	(29,944)	(83,814)
Reclassification	(3,623)	3,623	-	-
Revaluation	2,479,504	-	-	2,479,504
	<u>10,244,640</u>	<u>466,841</u>	<u>65,391</u>	<u>10,776,872</u>
DEPRECIATION				
At 1 June 1989	622,787	177,325	41,857	841,969
Charge for the year	293,014	77,098	13,751	383,863
Disposals	(4,490)	-	(14,972)	(19,462)
Reclassification	17,729	(17,729)	-	-
Revaluation	(788,120)	-	-	(788,120)
	<u>140,920</u>	<u>236,694</u>	<u>40,636</u>	<u>418,250</u>
NET BOOK VALUE				
At 31 May 1990	<u>£10,103,720</u>	<u>£230,147</u>	<u>£24,755</u>	<u>£10,358,622</u>
At 31 May 1989	<u>£6,770,557</u>	<u>£166,462</u>	<u>£38,376</u>	<u>£6,975,395</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TANGIBLE FIXED ASSETS (continued)

Land and buildings can be analysed as follows:-

	1990 £	1989 £
Freehold	211,180	214,039
Long leasehold	9,892,540	6,556,518
	<u>£10,103,720</u>	<u>£6,770,557</u>

Certain land and buildings were revalued at 1 January 1990 by Sanderson Townend & Gilbert, Chartered Surveyors, in accordance with the Guidance Notes on the Valuation of Assets issued by the Royal Institute of Chartered Surveyors. The St. James' Park stadium was valued on a depreciated replacement cost basis representing its value to the business, subject to the directors being satisfied as to the adequacy of its potential profitability. The directors are satisfied that the company is potentially sufficiently profitable for this purpose.

If these assets had not been revalued, land and buildings would have been included at the following amounts:-

	£
Historical cost	<u>7,765,135</u>
Accumulated depreciation	<u>930,677</u>
Net book value	<u>6,834,458</u>

Included within land and buildings are assets held under finance leases with a net book value of £47,190 (1989 - £54,949). The related depreciation charge on these assets for the year was £9,933 (1989 - £10,990).

Included within fixtures and fittings are assets held under finance leases with a net book value of £54,993 (1989 - £68,116). The related depreciation charge on these assets for the year was £13,623 (1989 - £13,623).

Included within motor vehicles are assets held under finance leases with a net book value of £20,089 (1989 - £24,562). The related depreciation charge on these assets for the year was £9,032 (1989 - £8,777).

There were no capital commitments at 31 May 1990 (1989 : £NIL).

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. DEBTORS

	1990 £	1989 £
Trade debtors	743,879	1,111,621
Other debtors	53,831	73,703
Prepayments and accrued income	25,141	25,796
	<u>£822,851</u>	<u>£1,211,120</u>

Included within other debtors is an amount of £24,495 in respect of loans to two officers of the company.

Of the amount shown as other debtors, £6,125 (1989 - £NIL) falls due after more than one year.

10. CREDITORS

	1990 £	1989 £
Amounts falling due within one year:		
Bank loans	194,688	120,688
Bank overdraft	788,209	903,304
Other loans	10,000	9,996
Trade creditors	775,216	1,607,236
Social security and other taxation	127,240	105,314
Other creditors	87,104	75,773
Accruals and deferred income	307,464	197,243
	<u>£2,289,921</u>	<u>£3,019,554</u>

	1990 £	1989 £
Amounts falling due after more than one year:		
Bank loans	2,804,203	3,026,029
Other loans	255,833	265,004
Trade creditors	39,367	73,472
Other creditors	83,079	107,702
Accruals and deferred income	22,130	-
	<u>£3,204,612</u>	<u>£3,472,207</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CREDITORS (continued)

Bank loans repayable by instalments:

	1990 £	1989 £
Repayable within five years	1,292,491	1,173,117
Repayable after five years	1,706,400	1,973,600
	<hr/>	<hr/>
Due within one year	2,998,891	3,146,717
	194,688	120,688
	<hr/>	<hr/>
	£2,804,203	£3,026,029
	<hr/>	<hr/>

The bank loans and bank overdraft are secured by a mortgage on freehold land and buildings, the net book value of which is £211,180 (1989 - £214,039) and by a fixed and floating charge over all the assets of the company.

There are two medium term loans repayable by instalments after more than five years, one medium term loan, bearing interest at 2 1/4% above the London Inter Bank Offer Rate (LIBOR) which is repayable in sixty equal quarterly instalments commencing on 31 December 1990 and another medium term loan bearing interest at 2 1/4% above LIBOR which is repayable in equal quarterly instalments over seven years from 18 November 1988.

In addition there is a mortgage loan secured on property at Gretna Road, Benwell. This is repayable in equal monthly instalments of £624. Interest is charged at 3% above Barclays Bank base rate.

The other loan represents amounts due to the current club sponsors, Greenall Whitley plc. Of these amounts £200,000 is repayable in equal monthly instalments over 20 years from July 1989. Interest is charged at 1% above National Westminster Bank base rate but is waived for as long as Greenall Whitley are the main club sponsors. The remaining £75,000 of the loan is waived by £20 in respect of each composite barrel of drinks purchased from Greenall Whitley over the term of the loan agreement.

Greenall Whitley loan repayable by instalments:

	1990 £	1989 £
Repayable within five years	50,000	50,000
Repayable after five years	215,833	225,000
	<hr/>	<hr/>
Due within one year	265,833	275,000
	10,000	9,996
	<hr/>	<hr/>
	£255,833	£265,004
	<hr/>	<hr/>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. CREDITORS (continued)

Included within other creditors are the following amounts relating to obligations under finance leases and hire purchase contracts.

Net obligations under finance leases and HP contracts:

	1990 £	1989 £
Due within one year	37,106	30,395
Due in the second to fifth years	83,079	107,702
	<u>£120,185</u>	<u>£138,097</u>

11. DEFERRED INCOME

	1990 £	1989 £
Football Grounds Improvement Trust Capital Grant:		
Balance brought forward	732,030	695,570
Receivable in year on West Stand expenditure	-	45,730
Released in year	(9,270)	(9,270)
Balance carried forward at 31 May	<u>722,760</u>	<u>732,030</u>
Assets received for non cash consideration:		
Balance brought forward	-	-
Receivable in year	252,822	-
Released in year	(58,358)	-
Balance carried forward at 31 May	<u>194,464</u>	<u>-</u>
Total balance carried forward at 31 May	<u>£917,224</u>	<u>£732,030</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. DEFERRED TAXATION

Deferred tax at a tax rate of 25% is made up as follows:

	1990		1989	
	Full potential liability £	Provision Made £	Full potential liability £	Provision made £
Accelerated capital allowances	107,000	-	69,000	-
Other timing differences	(36,000)	-	(2,000)	-
Losses carried forward	(71,000)	-	(20,000)	-
	<u>£ -</u>	<u>£ -</u>	<u>£47,000</u>	<u>£ -</u>

Deferred taxation on the revaluation of the company's land and buildings has not been provided because there is no intention to dispose of them in the foreseeable future.

13. CALLED UP SHARE CAPITAL

	1990 £	1989 £
Authorised:		
8,000,000 ordinary shares of 50p each (1989 - 2,000)	<u>4,000,000</u>	<u>1,000</u>
Issued and fully paid:		
7,989,936 ordinary shares of 50p each (1989 - 2,000)	<u>3,994,968</u>	<u>1,000</u>

During the year, the company created 3,998,000 ordinary shares of 50p each fully paid up by way of a bonus issue, increasing the share capital to £2m. This bonus issue was made out of the revaluation reserve created by the revaluation of certain land and buildings referred to in note 8 of these financial statements.

Subsequently, 3,989,936 ordinary shares of 50p each were issued by way of a rights issue for cash at par in order to increase the working capital of the company.

14. RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 June 1989	-	1,127,920
Revaluation of land and buildings (note 8)	3,267,624	-
Less: capitalised by way of bonus issue (note 13)	(1,999,000)	-
Loss for the year	-	(1,311,884)
At 31 May 1990	<u>£1,268,624</u>	<u>£(183,964)</u>

NEWCASTLE UNITED FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. CONTINGENT LIABILITIES

Signing-on fees amounting to £636,333 in relation to the 1990/91 to 1993/94 seasons will become payable immediately under the Football League rules if the players concerned leave the company.

Additional transfer fees of £42,500 are payable to the former clubs of certain players contingent upon future appearances of these players.

16. OPERATING LEASES

The company has the following commitments under operating leases for the forthcoming year:

Date of expiry of lease	Land and buildings		Other operating leases	
	1990	1989	1990	1989
	£	£	£	£
Expiring within one year	-	-	130	364
Expiring in the second to fifth years	-	-	7,208	6,560
Expiring after more than five years	27,500	27,500	395	-
	<u>27,500</u>	<u>27,500</u>	<u>7,733</u>	<u>6,924</u>
	<u><u>£27,500</u></u>	<u><u>£27,500</u></u>	<u><u>£7,733</u></u>	<u><u>£6,924</u></u>