

**Newcastle United
Football Company Limited**

Directors' Report and Accounts

for the year ended

31st July 1974

**Newcastle United
Football Company Limited**

Directors

Rt Hon Lord Westwood JP (*Chairman*)

R J Rutherford (*Vice-Chairman*)

G S Seymour

R R Mackenzie

F Braithwaite OBE

J Rush AFC

H H Dickson

W G McKeag

Secretary

R Cushing

Assistant Secretary

A Garvie

Manager

J Harvey

Registered Office

St James' Park

Newcastle upon Tyne NE1 4ST

Auditors

Deloitte & Co

Newcastle upon Tyne NE3 3LY

**Newcastle United
Football Company Limited**

Notice of Meeting

NOTICE IS HEREBY GIVEN that the SEVENTY-NINTH ANNUAL GENERAL MEETING of the Company will be held at the COUNTY HOTEL, NEVILLE STREET, NEWCASTLE UPON TYNE, on Monday 16th December 1974 at 7.30 p.m. prompt for the transaction of the following business:

- 1 To note the minutes of the last Annual General Meeting.
- 2 To receive the Directors' Report and Accounts for the year ended 31st July 1974 and the Auditors' Report thereon.
- 3 To authorise the directors to fix the remuneration of the auditors.
- 4 To re-elect three directors.
- 5 To confirm the issue of complimentary season tickets to members qualified according to the rules of the Football Association.
- 6 To transact any other ordinary business of the Company.

By order of the Board
R Cushing
Secretary
St James' Park
Newcastle upon Tyne NE1 4ST
14th November 1974

A member entitled to attend and vote at the Meeting may appoint a Proxy who need not also be a member to attend and, on a poll, vote instead of himself.

Instruments of Proxy, to be effective, must be received at the Registered Office of the Company not later than forty-eight hours before the time fixed for the Meeting.

**Newcastle United
Football Company**

The directors have pleasure in submitting the following report and accounts for the year ended 31st July 1974.

Activities of the company

The principal activity of the company is the management of the Newcastle United Football Club.

The directors are particularly pleased to report that the club has achieved a very successful year.

The club had a very successful year and are extended to all the players involved who worked hard throughout the year and who received international honours.

The directors record their regret at the death of a member of the club.

Results and dividends

The loss for the year after taxation and, taking this into account, the directors do not propose payment of a dividend.

The net income from the activities is shown as an increase in the Development for ground improvements and this is held in the Capital Reserve.

Directors and their shareholdings

The interest of the directors, who held shares in the company, was as follows:

Lord Westwood
R J Rutherford (41 held as trustee)
G S Seymour
R R McKenzie
F Braithwaite
J Rush
H H Dickson
W G McKeag

Mr R J Rutherford, Mr J Rush and Mr G S Seymour, being eligible, offer themselves for re-election and Mr S Seymour, Jr.

Newcastle United Football Company Limited

Directors' Report

The directors have pleasure in submitting their report and the audited accounts for the year ended 31st July 1974.

Activities of the company

The principal activity of the company continues to be that of a professional football league club.

The directors are particularly pleased to record the appointment of Lord Westwood as President of the Football League.

The club had a very successful year reaching the final of the F.A. Cup and winning the Texaco Cup. Congratulations are extended to all the players involved and the directors wish to express their gratitude to all members of the staff who worked hard throughout the year and contributed to the club's success. Congratulations are also extended to those players who received international honours during the season.

The directors record their regret over the permanent disability of our player Tony Green who will be missed as a valued member of the club.

Results and dividends

The loss for the year after taxation amounted to £32,687. This loss includes a deficiency on transfer fees of £290,600 and, taking this into account, the directors consider that the company's state of affairs is satisfactory. The directors do not propose payment of a dividend.

The net income from the activities of the Development Association for the year amounted to £79,151 and this amount is shown as an increase in the Development Fund Capital Reserve. The reserve has been reduced by £27,029 set aside for ground improvements and this amount has been transferred from Development Fund Capital Reserve to General Capital Reserve.

Directors and their shareholdings

The interest of the directors, who held office throughout the year, in the share capital of the company was as follows:

	Number of ordinary shares of 50p each	
	31st July 1974	1st August 1973
Lord Westwood	34	34
R J Rutherford (41 held as trustee)	67	66
G S Seymour	20	19
R R McKenzie	21	26
F Braithwaite	21	20
J Rush	7	6
H H Dickson	76	75
W G McKeag	11	10

Mr R J Rutherford, Mr J Rush and Mr H H Dickson retire by rotation and in accordance with the Articles of Association, being eligible, offer themselves for re-election. Nominations have been received from Mr W M H Dix, The Hon W G Westwood and Mr S Seymour, Jnr.

**Newcastle United
Football Company Limited**

Directors' Report – *continued*

Fixed assets

In the opinion of the directors the market value of the freehold and leasehold property is in excess of its book value. In view of the specialised nature of these assets it is not considered appropriate to quantify the excess over book value.

Charitable donations

Charitable donations during the year amounted to £1,336.

Auditors

The auditors, Harwood Banner & Co, have merged their practice with that of Deloitte & Co and are willing to continue in office in the latter name under the provisions of the Companies Act 1948.

By Order of the Board
Westwood
Chairman
R. Cushing
Secretary
14th November 1974

Newcastle United Football Club

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 July 1974 and of its loss for the year then ended, and the accounts comply with the Companies Act 1967.

Deloitte & Co.
Chartered Accountants

Newcastle upon Tyne
14th November 1974

**Newcastle United
Football Company Limited**

Auditors' Report

12

In our opinion the accounts set out on pages 6 to 10 give a true and fair view of the state of affairs of the company at 31st July 1974 and of its loss for the year ended on that date and comply with the Companies Act 1948 and 1967.

Deloitte & Co.
Chartered Accountants

Newcastle upon Tyne
14th November 1974

**Newcastle United
Football Company Limited**

**Profit and Loss Account
for the year ended 31st July 1974**

	Note	£	£	1973	£
Turnover	1		<u>£ 491,100</u>		<u>£ 327,459</u>
Loss (1973 profit) before taxation	2		53,071		65,390
Taxation	4		<u>(20,384)</u>		<u>17,996</u>
Loss (1973 profit) after taxation			32,687		47,394
Proposed dividend			—		50
			<u>32,687</u>		<u>47,344</u>
Unappropriated profit (1973 deficit) from previous year		24,800		22,544	
Taxation recovery in respect of prior years		<u>2,561</u>		—	
			<u>27,361</u>		<u>22,544</u>
Deficit (1973 unappropriated profit) carried forward			<u>£ 5,326</u>		<u>£ 24,800</u>

**Newcastle United
Football Company Limited**

Fixed assets

Assets set aside for ground improvement

Current assets

Debtors

Investments

Cash at bank and in hand

Current liabilities

Creditors

Season tickets sold for 1974/75 season

Taxation

Bank overdraft

Proposed dividend

Net current liabilities

Share capital

Reserves

Deferred taxation

Loan

Westwood

R J Rutherford

} Directors

The notes on pages 8 to 10 form part of these accounts.

The notes on pages 8 to 10 form part of the

**Newcastle United
Football Company Limited**

**Balance Sheet
31st July 1974**

14

1973		Note	£	£	1973	£
<u>£ 327,459</u>						
65,390						
<u>17,996</u>						
47,394						
<u>50</u>						
47,344						
<u>22,544</u>						
<u>£ 24,800</u>						
	Fixed assets	11		563,859		572,147
	Assets set aside for ground improvements	8b		75,213		23,091
	Current assets					
	Debtors		80,584		25,313	
	Investments	5	16,592		16,592	
	Cash at bank and in hand		6,408		24,034	
			<u>£ 103,584</u>		<u>£ 65,939</u>	
	Current liabilities					
	Creditors		109,978		83,926	
	Season tickets sold for 1974/75 season		154,142		116,922	
	Taxation	6	—		7,246	
	Bank overdraft		18,530		—	
	Proposed dividend		—		50	
			<u>£ 282,650</u>		<u>£ 208,144</u>	
	Net current liabilities			(179,066)		(142,205)
				<u>£ 460,006</u>		<u>£ 453,033</u>
	Share capital	7		1,000		1,000
	Reserves	8		352,612		303,587
				353,612		304,587
	Deferred taxation	9		—		13,446
	Loan	10		106,394		135,000
				<u>£ 460,006</u>		<u>£ 453,033</u>
	Westwood R J Rutherford } <i>Directors</i>					

The notes on pages 8 to 10 form part of these accounts.

Newcastle United Football Company Limited

Notes to the Accounts

1 Turnover

Turnover represents net income from league and cup competitions.

2 Loss (1973 profit) before taxation

	1974	1973
	£	£
after crediting		
income from investments — quoted	350	350
— building society	335	295
bank deposit interest	13,145	2,245
profit on sale of residential property	4,138	1,891
compensation insurance in respect of disabled players	140,000	24,510
after charging		
directors remuneration	—	—
depreciation	8,922	3,764
bank interest	863	606
short term loan interest	17,443	6,331
auditors remuneration	500	263

3 Particulars of directors and employees remuneration

In accordance with rule 47 (vi) of the Football Association the directors received no remuneration.
Details of employees remuneration in accordance with section 8 of the Companies Act 1967 are:

£10,001 — £12,500
£12,501 — £15,000

Number of employees

4 Taxation

Corporation tax recoverable based on the
loss for the year
Transfer from (1973 to) deferred taxation
Corporation tax based on the profit for the year

	1974	1973
	£	£
	5,934	—
	14,450	13,446
	—	4,550
	£ 20,384	£ 17,996

5 Investments

Quoted — British Government Securities at cost
Unquoted — Building Society deposit

Market value of quoted investments

	1974	1973
	£	£
	11,292	11,292
	5,300	5,300
	£ 16,592	£ 16,592
	£ 9,816	£ 9,487

Newcastle United Football Company

6 Taxation

Corporation tax payable
Corporation tax payable

7 Share capital

Authorised, issued and full
2,000 ordinary shares of £1

8 Reserves

(a) Capital reserves
Development fund
General capital reserve

Deficit (1973 surplus) on
loss account

The movement on development
amounts applied to expenditure

At 1st August 1973
Net income for the year

Less: Transfer to general capital

(b) Assets set aside for ground
Balance at bank and cash
Debtors
Stock valued at lower of

Less: Creditors

9 Deferred taxation

Deferred taxation in 1973 represents
fixed assets qualifying for capital
after taking into account charges

Newcastle United Football Company Limited

Notes to the Accounts — continued

16

	1974	1973
6. Taxation	£	£
Corporation tax payable 1st April 1975	—	4,529
Corporation tax payable 1st April 1974	—	2,717
	<u>£ —</u>	<u>£ 7,246</u>
7. Share capital		
Authorised, issued and fully paid		
2,000 ordinary shares of 50p each	<u>£ 1,000</u>	<u>£ 1,000</u>
8. Reserves		
(a) Capital reserves		
Development fund reserve	75,213	23,091
General capital reserve	<u>282,725</u>	<u>255,696</u>
	357,938	278,787
Deficit (1973 surplus) on profit and loss account	<u>5,326</u>	<u>24,800</u>
	<u>£ 352,612</u>	<u>£ 303,587</u>
The movement on development fund reserve is set out below and comprises donations, appropriations and interest less amounts applied to expenditure on capital projects:		
	£	£
At 1st August 1973	23,091	37,623
Net income for the year	<u>79,151</u>	<u>55,158</u>
	102,242	92,781
Less: Transfer to general capital reserve	<u>27,029</u>	<u>69,690</u>
	<u>£ 75,213</u>	<u>£ 23,091</u>
(b) Assets set aside for ground improvements		
Balance at bank and cash in hand	86,498	28,654
Debtors	1,116	613
Stock valued at lower of cost or net realisable value	<u>2,280</u>	<u>3,849</u>
	89,894	33,116
Less: Creditors	<u>14,681</u>	<u>10,025</u>
	<u>£ 75,213</u>	<u>£ 23,091</u>

9. Deferred taxation

Deferred taxation in 1973 represents corporation tax at the then current rate on the excess of the net book value of fixed assets qualifying for capital allowances over their corresponding tax written down value. The amount is stated after taking into account charges and losses which are available to be set off against future trading profits.

Newcastle United Football Company Limited

Notes to the Accounts — continued

10 Loan

The loan is repayable within five years at a rate of interest 2% above the Bank of England minimum lending rate and is secured on the company's freehold land. Since the date of the balance sheet the loan has been repaid in full.

11 Fixed assets

	Sports grounds	Residential properties	Ground erections and equipment	East stand development	Motor vehicles	Total
Cost	£	£	£	£	£	£
At 1st August 1973	48,910	13,125	137,864	504,282	5,351	709,532
Additions	—	—	4,014	1,055	—	5,069
Disposals	48,910	13,125	141,878	505,337	5,351	714,601
	—	3,780	—	—	2,343	6,123
At 31st July 1974	48,910	9,345	141,878	505,337	3,008	708,478
Depreciation	—	5,644	129,247	—	2,494	137,385
At 1st August 1973	—	495	—	—	1,193	1,688
Disposals	—	5,149	129,247	—	1,301	135,697
Charge for the year	—	125	3,128	5,100	569	8,922
At 31st July 1974	—	5,274	132,375	5,100	1,870	144,619
Net book value						
31st July 1974	<u>£ 48,910</u>	<u>£ 4,071</u>	<u>£ 9,503</u>	<u>£ 500,237</u>	<u>£ 1,138</u>	<u>£ 563,859</u>
31st July 1973	<u>£ 48,910</u>	<u>£ 7,481</u>	<u>£ 8,616</u>	<u>£ 504,282</u>	<u>£ 2,858</u>	<u>£ 572,147</u>
Details of sports grounds and properties are as follows:						
Freehold	48,910	7,649				
Long leasehold	—	1,696				
	<u>£ 48,910</u>	<u>£ 9,345</u>				

The rates of depreciation applied are calculated to write off assets over their estimated useful lives as follows:

Residential properties	1/60th	Straight line method
Ground erections and equipment	1/6th	Straight line method
East stand development	1/99th	Straight line method — over the period of the lease of St James' Park
Motor vehicles	1/4th	Straight line method

No depreciation has been charged on the freehold sports grounds.

12 Contingent liabilities

No provision has been made in the accounts for:

- professional fees claimed relating to plans for ground improvements, amounting to approximately £42,000. The company have repudiated this claim.
- the signing on levy payable to players over the period of their contracts and unpaid at 31st July 1974 amounting to approximately £15,000.
- an amount of £11,000 payable in the event of a player making twenty first team appearances.

Newcastle United Football Company Limited

Income — as shown on page 12

Expenditure — as shown on page 13

Deficit on transfer fees (1973 — surplus)

Loss (1973 — profit) for the year

**Newcastle United
Football Company Limited**

Detailed Profit and Loss Account
for the year ended 31st July 1974

18

continued

Minimum lending rate and
when repaid in full.

and Motor ment vehicles	Total
£	£
82 5,351	709,532
55 —	5,069
37 5,351	714,601
2,343	6,123
37 3,008	708,478
2,494	137,385
1,193	1,688
1,301	135,697
20 569	8,922
0 1,870	144,619
7 £1,138	£563,859
£2,858	£572,147

Income — as shown on page 12

£	1973 £
684,324	373,021

Expenditure — as shown on page 13

£	1973 £
446,795	343,236
237,529	29,785

Deficit on transfer fees (1973 — surplus)

£	1973 £
290,600	35,605

Loss (1973 — profit) for the year

£	1973 £
53,071	65,390

as follows:

imately £42,000.

July 1974

ces.

Newcastle United Football Company Limited

Schedule of Income for the year ended 31st July 1974

	£	£	1973 £
Gate receipts			
First team	228,544		187,247
Reserve team	942		1,289
		229,486	188,536
Cup ties and friendlies — net of expenses except bonuses			
Share of cup pools (Association and League)		113,633	14,575
Share of gates		6,328	6,791
Season tickets		42,489	44,034
Anglo-Italian Cup		128,531	82,866
Texaco Cup — net of expenses except bonuses		—	10,558
Percentages from Association and League — net of payments		24,085	24,633
		2,844	(1,497)
		544,395	370,496
Deduct: share of gates to visiting clubs		53,296	43,037
		491,100	327,459
Compensation insurance	141,775		
Ground advertising	18,068	26,389	
Profit on sale of programmes	7,475	3,128	
Income from properties	(696)	3,963	
Broadcasting and television fees	5,910	116	
Sundry receipts	2,724	5,340	
Interest received on loans	—	1,775	
Income from investments	685	70	
Bank deposit interest	13,145	645	
Profit on sale of residential properties	4,138	2,245	
		1,851	
		193,224	45,562
	<u>£ 684,324</u>		<u>£ 373,021</u>

Newcastle United Football Company Limited

Players wages, bonuses, benefits, signing on levies and transfer exp	
Nursery team, Hunters Moor ground	
Benwell ground expenses	
Travelling, hotel and entertaining exp	
Medical and legal expenses	
Referee, linesmen, gatemen and security charges	
Police	
Salaries and pensions of administrative staff, trainers and groundsman	
Outfitting	
Rent, rates and insurance	
National insurance and graduated pension scheme contributions	
Repairs upkeep of ground and property repairs	
Light and heat	
Association and League fees and signing on levies	
Bank charges	
Loan interest	
Printing, stationery, advertising and telephone	
Laundry and cleaning	
Sundry expenses	
Donations	
Audit and accountancy	
Depreciation	
Loss on sale of vehicles	
Bad debt provision	

Newcastle United Football Company Limited

Schedule of Expenditure for the year ended 31st July 1974

20

1973	£
17,247	
1,280	
188,536	
14,575	
6,791	
44,034	
82,866	
10,558	
24,633	
(1,497)	
370,496	
43,037	
327,459	
26,389	
3,128	
3,963	
116	
5,340	
1,775	
70	
645	
2,245	
1,891	
45,562	
£ 373,021	

Players wages, bonuses, benefits, signing on levies and transfer expenses	
Nursery team, Hunters Moor ground and Benwell ground expenses	
Travelling, hotel and entertaining expenses	
Medical and legal expenses	
Referee, linesmen, gatemen and security charges	
Police	
Salaries and pensions of administrative staff, trainers and groundsmen	
Outfitting	
Rent, rates and insurance	
National insurance and graduated pension scheme contributions	
Repairs upkeep of ground and property repairs	
Light and heat	
Association and League fees and signing on levies	
Bank charges	
Loan interest	
Printing, stationery, advertising and telephone	
Laundry and cleaning	
Sundry expenses	
Donations	
Audit and accountancy	
Depreciation	
Loss on sale of vehicles	
Bad debt provision	

£	£	£	£
168,281		167,180	
13,340		11,874	
25,974		22,548	
7,767		4,614	
5,964		3,960	
15,117		12,998	
	236,443		223,174
47,636		40,448	
4,313		4,290	
38,801		25,743	
9,325		8,616	
35,514		15,050	
4,684		2,830	
16,029		1,476	
1,555		1,057	
17,443		6,331	
13,949		5,779	
3,076		2,900	
2,269		1,485	
1,336		263	
1,000		3,764	
8,922		—	
500		30	
4,000			
	210,352		120,062
	£ 446,795		£ 343,236

1974

£	1973	£
87,247		
1,289		
	188,536	
	14,575	
	6,791	
	44,034	
	82,866	
	10,558	
	24,633	
	(1,497)	
	370,496	
	43,037	
	327,459	
6,389		
3,128		
3,963		
116		
5,340		
1,775		
70		
645		
2,245		
891		
	45,562	
	£ 373,021	

Newcastle United Football Company Limited

Schedule of Expenditure for the year ended 31st July 1974

20

	£	£	£	1973	£
Players wages, bonuses, benefits, signing on levies and transfer expenses	168,281			167,180	
Nursery team, Hunters Moor ground and Benwell ground expenses	13,340			11,874	
Travelling, hotel and entertaining expenses	25,974			22,548	
Medical and legal expenses	7,767			4,614	
Referee, linesmen, gatemen and security charges	5,964			3,960	
Police	15,117			12,998	
		236,443			223,174
Salaries and pensions of administrative staff, trainers and groundsmen	47,636			40,448	
Outfitting	4,313			4,290	
Rent, rates and insurance	38,801			25,743	
National Insurance and graduated pension scheme contributions	9,325			8,616	
Repairs upkeep of ground and property repairs	35,514			15,050	
Light and heat	4,684			2,830	
Association and League fees and signing on levies	16,029			1,476	
Bank charges	1,555			1,057	
Loan interest	17,443			6,331	
Printing, stationery, advertising and telephone	13,949			5,779	
Laundry and cleaning	3,076			-	
Sundry expenses	2,269			2,900	
Donations	1,336			1,485	
Audit and accountancy	1,000			263	
Depreciation	8,922			3,764	
Loss on sale of vehicles	500			-	
Bad debt provision	4,000			30	
		210,352			120,062
		£ 446,795			£ 343,236