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**Newcastle United
Football Company Limited**



**Directors' Report and Accounts
for the year ended
31st July 1979**

**Newcastle United
Football Company Limited**

Directors

R. J. Rutherford (*Chairman*)
Rt. Hon. Lord Westwood, J.P. (*Vice-Chairman*)
F. Braithwaite, O.B.E.
J. Rush, A.F.C.
W. G. McKeag
Dr. D. V. Salkeld, T.D.
S. Seymour
R. Mackenzie

President

Rt. Hon. Lord Westwood, J.P.

Secretary

R. Cushing

Assistant Secretary

A. J. Garvie

Manager

W. H. McGarry

Registered Office

St. James' Park
Newcastle upon Tyne NE1 4ST

Auditors

Deloitte Haskins & Sells
Newcastle upon Tyne NE1 8BP

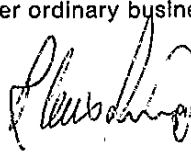
**Newcastle United
Football Company Limited**

Notice of Meeting

NOTICE IS HEREBY GIVEN that the EIGHTY FOURTH ANNUAL GENERAL MEETING of the Company will be held at the COUNTY HOTEL, NEVILLE STREET, NEWCASTLE UPON TYNE, on Monday, 10th December, 1979, at 7.30 p.m. prompt for the transaction of the following business:

1. To note the Minutes of the last Annual General Meeting held 11th December, 1978 and the Reconvened Extraordinary General Meeting held on the same date.
2. To receive the Directors' Report and Accounts for the year ended 31st July, 1979 and the Auditors' Report thereon.
3. To re-elect the Auditors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect three Directors.
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
16th November, 1979

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 48 hours before the time fixed for the Meeting.

**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, 1979

Activities of the Company

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

It is with deep regret that the Directors have to report the death of Mr. G. S. Seymour on the 23rd December, 1978. Mr. Seymour was the first vice-president of the club and had been associated with Newcastle United for fifty eight years.

It is also with deep regret that the Directors have to report the death of Tommy Jordan one of the club's scouts. We extend our sympathy to his family.

Ben Sullivan the Commercial Manager retired on 31st July, 1979 after giving fifteen years valued service. We wish him and his wife many years happy retirement.

Ground Expenditure

Phase II, stage I was completed during this financial year, the total cost being £569,725. It is hoped that work will commence on stage II as soon as possible.

Results and Dividends

The results for the year are shown on page 6. The Directors do not propose payment of a dividend. The amount of the loss made by the Company in the year is a matter of considerable concern to the Board and Management. The fact that, due to bad weather, we played only one home Football League game between the 23rd December, 1978 and the 24th February, 1979 not only disrupted the performance of the team but also removed much of the interest in the competition and adversely affected attendances when the matches were eventually played.

The net income from the activities of the Development Association for the year amounted to £126,797 and this amount is transferred to the Development Reserve. The Reserve has been reduced by £161,435 used for ground improvements and this amount has been transferred from Development Reserve to General Capital Reserve.

Directors and their Interests

The interests 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, 1979	1st August, 1978
R. J. Rutherford (41 held as trustee)	69	69
Rt. Hon. Lord Westwood, J.P.	36	36
F. Braithwaite, O.B.E.	23	23
J. Rush, A.F.C.	14	14
W. G. McKeag	12	12
Dr. D. V. Salkeld, T.D.	8	8
S. Seymour	31	27
R. Mackenzie	22	22

During the year the Company expended £10,955 on sportswear and equipment purchased from Stan Seymour (Newcastle) Ltd, of which Company Mr. S. Seymour, a Director of this Company, is a Director and Shareholder. E. R. Buck & Sons Ltd, was a party to a contract covering part of this expenditure. All transactions have been undertaken at normal commercial rates or below.

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

**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 £449.

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the Company will be put to the Annual General Meeting.

By order of the Board

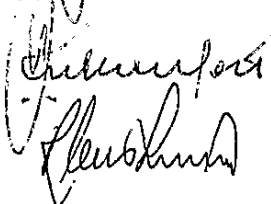
R. J. Rutherford

Chairman

R. Cushing

Secretary

16th November, 1979

Handwritten signatures of R. J. Rutherford and R. Cushing, corresponding to the printed names above them.

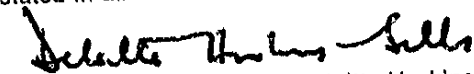
**Newcastle United
Football Company Limited**

Auditors' Report

We have examined the accounts set out on pages 6 to 13, which have been prepared on the basis of the accounting policies set out on page 9.

In our opinion the accounts give a true and fair view of the state of affairs of the Company at 31st July, 1979, and of its results and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Our examination also included the detailed schedules of income and expenditure on pages 14 to 16. In our opinion these schedules when considered in relation to the accounts are fairly stated in all material respects.



Newcastle upon Tyne
16th November, 1979

Deloitte Haskins & Sells
Chartered Accountants

**Newcastle United
Football Company Limited**

**Profit and Loss Account
for the year ended 31st July, 1979**

	Note	1979 £	1978 £
Turnover	1	<u>£539,446</u>	<u>£605,319</u>
Operating loss before taxation	2	(316,503)	(57,426)
Taxation	4(a)	<u>31,414</u>	<u>79,368</u>
(Loss)/profit after taxation		(285,089)	21,942
Net income of the Development Association	6(a)	<u>126,797</u>	<u>151,322</u>
		(158,292)	173,264
Less: transfer to Development Reserve	6(a)	<u>(126,797)</u>	<u>(151,322)</u>
		(285,089)	21,942
Surplus brought forward		<u>87,578</u>	<u>65,636</u>
Deficit (1978 surplus) carried forward	6(a)	<u>£(197,511)</u>	<u>£87,578</u>

The Notes on pages 9 to 13 form part of these accounts

**Newcastle United
Football Company Limited**

**Balance Sheet
31st July, 1979**

	Note	1979		1978	
		£	£	£	£
Fixed Assets	5		1,297,273		1,183,287
Assets set aside for ground improvements	6(b)		8,538		43,176
Investments	7		5,655		5,655
Loan	8		20,000		—
Current Assets					
Debtors	8	116,485		138,162	
Corporation tax recoverable		58,234		26,066	
Cash at bank and in hand		—		77,214	
		<u>174,719</u>		<u>241,442</u>	
Current Liabilities					
Creditors		257,474		230,465	
Season tickets sold for 1979/80 season		230,039		227,484	
Bank overdraft		283,699		122,346	
		<u>771,212</u>		<u>580,295</u>	
Net Current Liabilities			(596,493)		(338,853)
			<u>£734,973</u>		<u>£893,265</u>
Share Capital	9		1,000		1,000
Reserves	6(a)		733,973		892,265
			<u>£734,973</u>		<u>£893,265</u>

R. J. Rutherford

Westwood

} Directors

The Notes on pages 9 to 13 form part of these accounts

**Newcastle United
Football Company Limited**

**Statement of Source and Application of Funds
for the year ended 31st July, 1979**

	1979	1978
	£	£
Operating Loss before tax	(316,503)	(57,426)
Adjustment for items not involving the movement of funds:		
Depreciation	37,495	25,964
Loss on sale of fixed assets	2,619	870
	<u>(276,389)</u>	<u>(30,592)</u>
Funds from other sources:		
Development Association profit for the year	126,797	151,322
Released from assets set aside for ground improvements	34,638	165,158
Proceeds of sale of fixed assets	13,950	3,787
	<u>(101,004)</u>	<u>289,675</u>
Application of funds:		
Purchase of fixed assets	(168,050)	(537,390)
Payment of corporation tax	(754)	(47,999)
Loan	(20,000)	—
	<u>(188,804)</u>	<u>(585,389)</u>
	<u>£(289,808)</u>	<u>£(295,714)</u>
Decrease in working capital:		
Decrease in debtors	(21,677)	(425)
Increase in creditors	(27,009)	(74,894)
Increase (1978—decrease) in season ticket creditors	(2,555)	38,795
Movement in net liquid funds:		
Decrease in bank and cash	(238,567)	(259,190)
	<u>£(289,808)</u>	<u>£(295,714)</u>

**Newcastle United
Football Company Limited**

Notes to the Accounts

1. Accounting Policies

(a) Accounting

The Company prepares its accounts on the historical cost basis of accounting.

(b) Turnover

Turnover represents net income from league and cup competitions.

(c) Depreciation

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

Residential properties and Benwell Sports Hall—(Included in Land and Buildings—freehold)	1/60th	Straight line method
Ground erections and equipment (included in Land and Buildings—long leasehold)	1/6th	Straight line method
Ground development (included in Land and Buildings—long leasehold)		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 ground (included in Land and Buildings).		

(d) Transfer Fees and Loyalty Bonuses

Transfer fees payable and receivable are charged or credited to the Profit and Loss Account. Loyalty bonuses are charged according to the due date for payment and those instalments due in the future on continued service are not provided for but noted as contingent liabilities at note 10(b).

(e) Deferred Taxation

Deferred taxation calculated on the liability method represents corporation tax at the rate of 52 per cent on the excess of net book value of fixed assets over their corresponding taxation written down value after setting off unutilised taxation losses.

(f) Expenditure under the Safety of Sports Grounds Act, 1975

Expenditure required under the Safety of Sports Grounds Act, 1975 is charged to the Profit and Loss Account. Grants from the Football Grounds Improvement Trust based on this expenditure are also dealt with in the Profit and Loss Account as and when received.

2. Loss before taxation	1979 £	1978 £
After crediting:		
Income from investments—Listed	50	50
—Unlisted	331	6,581
Bank deposit interest	6,085	5,002
Income from property	316	553
Net transfer fees	17,245	68,769
Grant received in respect of Safety of Sports Grounds Act, 1975	<u>34,600</u>	<u>97,400</u>
After charging:		
Directors' remuneration	—	—
Depreciation	37,495	25,964
Interest on bank overdraft and short term loans	30,805	8,192
Auditors' remuneration	1,500	1,300
Expenditure required by the Safety of Sports Grounds Act, 1975	<u>17,337</u>	<u>77,820</u>

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:

	Number of employees	
	1979	1978
£10,001—£12,500	4	4
£12,501—£15,000	5	6
£15,001—£17,500	2	1
£17,501—£20,000	—	—
£20,001—£22,500	2	—
£22,501—£25,000	1	—
£25,001—£27,500	1	—

4. Taxation

(a) Profit and Loss Account

	1979	1978
	£	£
Corporation tax recoverable based on the results of the year	152	27,723
Corporation tax provided in prior year but not now due	31,262	14,645
	<u>31,414</u>	<u>42,368</u>
Deferred tax release	—	37,000
	<u>£31,414</u>	<u>£79,368</u>

Corporation tax losses unutilised at 31st July, 1979 amounted to £238,460.

(b) Deferred tax

	1979	1978
	£	£
At 1st August, 1978	—	37,000
Release for the year	—	37,000
	<u>£ —</u>	<u>£ —</u>

**Newcastle United
Football Company Limited**

Notes to the Accounts--continued

5. Fixed Assets

	Land & Buildings	Fixtures & Fittings	Motor Vehicles	Total
Cost	£	£	£	£
At 1st August, 1978	1,192,029	64,105	28,979	1,285,113
Additions	120,767	7,562	39,721	168,050
	1,312,796	71,667	68,700	1,453,163
Disposals	—	75	23,545	23,620
At 31st July, 1979	1,312,796	71,592	45,155	1,429,543
Depreciation				
At 1st August, 1978	65,146	26,143	10,537	101,826
Disposals	—	13	7,038	7,051
	65,146	26,130	3,499	94,775
Charge for the year	16,233	9,976	11,286	37,495
At 31st July, 1979	81,379	36,106	14,785	132,270
Net Book Value				
31st July, 1979	£1,231,417	£35,486	£30,370	£1,297,273
31st July, 1978	£1,126,883	£37,962	£18,442	£1,183,287
Details of land and buildings are as follows				
	£			
Freehold	142,450			
Long leasehold	1,088,967			
	£1,231,417			

**Newcastle United
Football Company Limited**

Notes to the Accounts—continued

6. Reserves

	1979	1978
(a) Capital Reserves	£	£
Development reserve	8,538	43,176
General capital reserve	922,946	761,511
	<u>931,484</u>	<u>804,687</u>
Profit and loss account	(197,511)	87,578
	<u>£733,973</u>	<u>£892,265</u>

The movement on development reserve is set out below. The net income comprises donations and appropriations to the Development Association less expenses (including those defrayed directly by the Company). The transfer to general capital reserve represents amounts applied to expenditure on capital projects.

	1979	1978
	£	£
At 1st August, 1978		£
Donations less agents fees, printing etc.	164,643	182,740
Salaries of Development Association staff	37,846	31,418
	<u>126,797</u>	<u>151,322</u>
Net income for the year	169,973	359,656
	161,435	316,480
Less: Transfer to general capital reserve	<u>£8,538</u>	<u>£43,176</u>

	1979	1978
	£	£
(b) Assets set aside for ground improvements	£	£
Balance at bank, building society deposits and cash	81,392	69,715
Prizes paid in advance	20,300	—
Debtors	—	228
	<u>101,692</u>	<u>69,943</u>
Less: Creditors	30,115	24,324
Cash received for future competitions	63,039	2,443
	<u>£8,538</u>	<u>£43,176</u>

**Newcastle United
Football Company Limited**

Notes to the Accounts—continued

	1979 £	1978 £
7. Investments		
Listed—British Government Securities at cost	355	355
less amount written off	5,300	5,300
Unlisted—Building society deposit	<u>£5,655</u>	<u>£5,655</u>
Market value of listed investments	<u>£462</u>	<u>£417</u>

- 8. Loans**
Loans to officers amounting to £23,000 were made during the year and remained outstanding at the end of the year. Of these £20,000 is repayable after more than one year and £3,000 is repayable within one year. The latter loan is included in debtors.

	1979 £	1978 £
9. Share Capital		
Authorised, issued and fully paid 2,000 ordinary shares of 50p each	<u>£1,000</u>	<u>£1,000</u>

- 10. Contingent Liabilities**
- (a) No provision has been made in the accounts for professional fees claimed relating to plans for ground improvements amounting to approximately £57,000.
 - (b) Transfer fees of £6,500 are contingent upon future appearances of certain players, and royalty bonuses of £43,667 are contingent upon certain players completing their contracts with the club.

Newcastle United
Football Company Limited

Detailed Profit and Loss Account
for the year ended 31st July, 1979

	1979 £	1978 £
Income—as shown on page 15	601,327	680,890
Expenditure—as shown on page 16	935,075	807,085
	<u>(333,748)</u>	<u>(126,195)</u>
Surplus on transfer fees	17,245	68,769
Operating Loss	<u>£(316,503)</u>	<u>£(57,426)</u>

**Newcastle United
Football Company Limited**

**Schedule of Income
for the year ended 31st July, 1979**

	1979	1978
	£	£
Season tickets	242,676	267,533
Gate receipts:		
First team	277,725	251,100
Reserve team	585	735
	<u>520,986</u>	<u>519,368</u>
Cup ties and friendlies—net of expenses except bonuses	31,027	58,403
Share of cup pools (Association and League)	13,385	13,062
Share of gates	56,317	88,682
Percentages from Association and League—net of payments	7,735	6,623
	<u>629,450</u>	<u>686,138</u>
	<u>90,004</u>	<u>80,819</u>
Deduct: Share of gates to visiting clubs	<u>539,446</u>	<u>605,319</u>
Compensation insurance	2,152	1,907
Ground advertising	17,872	19,885
Loss (1978—profit) on sale of programmes	(1,085)	4,660
Broadcasting and television fees	10,954	9,081
Catering	7,710	7,019
Sundry receipts	17,812	21,386
Income from investments	381	6,631
Bank deposit interest	6,085	5,002
	<u>61,881</u>	<u>75,571</u>
	<u><u>£601,327</u></u>	<u><u>£680,890</u></u>

**Newcastle United
Football Company Limited**

**Schedule of Expenditure
for the year ended 31st July, 1979**

	1979		1978	
	£	£	£	£
Players wages, bonuses, signing-on levies and transfer expenses	402,138		328,694	
Junior team and Benwell ground expenses	30,369		25,930	
Travelling, hotel and entertaining expenses	64,397		67,621	
Medical, legal and professional expenses	15,057		7,879	
Referees, linesmen, gatemen and security charges	16,624		15,985	
Police	30,169		25,151	
		558,754		471,260
Salaries and pensions of managerial and administrative staff, trainers and groundsmen	116,550		113,312	
Outfitting	11,658		10,332	
Rent, rates and insurance	70,667		66,119	
National insurance contributions	38,278		27,113	
Repairs and upkeep of ground	24,319		48,746	
Light and heat	11,104		11,102	
Association and League fees and signing-on levies	2,015		4,340	
Bank interest and charges	23,115		10,121	
Printing, stationery, advertising and telephone	28,198		23,339	
Laundry and cleaning	5,515		5,381	
Sundry expenses	9,091		5,961	
Donations	449		852	
Audit fee	1,500		1,300	
Depreciation	37,495		25,964	
Loss on sale of motor vehicles and equipment	2,619		870	
Loan interest	10,098		—	
Property (net of income)	910		553	
		393,584		355,405
Expenditure required by Safety of Sports Grounds Act, 1975	17,337		77,820	
Less: Grant received	(34,600)		(97,400)	
		(17,263)		(19,580)
		<u>£935,075</u>		<u>£807,085</u>