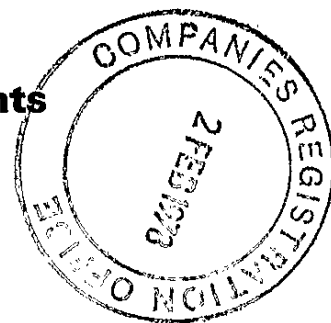


31014 / 157

5

**Newcastle United  
Football Company Limited**

**Directors' Report and Accounts  
for the year ended  
31st July 1977**



**Newcastle United  
Football Company Limited**

**Directors**

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

**Vice-President**

G. S. Seymour

**Secretary**

R. Cushing

**Assistant Secretary**

A. J. Garvie

**Registered Office**

St. James' Park  
Newcastle upon Tyne NE1 4ST

**Auditors**

Deloitte & Co.  
Newcastle upon Tyne NE1 8BP

**Newcastle United  
Football Company Limited**

**Notice of Meeting**

NOTICE IS HEREBY GIVEN that the EIGHTY-SECOND ANNUAL GENERAL MEETING of the Company will be held at the COUNTY HOTEL, NEVILLE STREET, NEWCASTLE UPON TYNE, on Monday, 12th December, 1977, at 7.30 p.m. prompt for the transaction of the following business:

1. To note the Minutes of the Extraordinary General Meeting and last Annual General Meeting held 13th December, 1976.
2. To receive the Directors' Report and Accounts for the year ended 31st July, 1977, 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

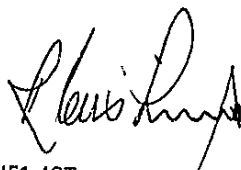
R. Cushing

Secretary

St. James' Park

Newcastle upon Tyne NE1 4ST

18th November, 1977



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, 1977.

**Activities of the Company**

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

The Manager, Mr G. F. Lee, left the Club to go to Everton F.C. and the circumstances in which he left were most regrettable. Mr R. Dinnis was appointed team manager of the Club from 1st July after acting as temporary team manager for a period.

The Directors would like to record their congratulations to the team and their appreciation of the work done by the management and coaching staff on their achievement in qualifying for the U.E.F.A. Cup competition.

**Ground Expenditure**

The Company is actively planning the improvement of the Leazes End of the ground involving very substantial expenditure. It is anticipated that work will commence during the close season of 1978.

Apart from the expenditure referred to in the paragraph dealing with Fixed Assets, the Company has incurred expenditure of £197,793 in complying with the Safety of Sports Grounds Act, 1975, and a further amount of approximately £50,000 will be spent in the current financial year.

**Results and Dividends**

The operating loss for the year after taxation amounted to £12,105 which is deducted from reserves. The Directors do not propose payment of a dividend. The Directors consider the Company's state of affairs to be satisfactory.

The net income from the activities of the Development Association for the year amounted to £99,821 and this amount is transferred to the Development Reserve. The Reserve has been reduced by £20,862 used for ground improvements and this amount has been transferred from Development 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, 1977	1st August, 1976
Rt. Hon. Lord Westwood, J.P.	36	34
R. J. Rutherford (41 held as trustee)	69	68
F. Braithwaite, O.B.E.	23	22
J. Rush, A.F.C.	9	7
H. H. Dickson	78	76
W. G. McKeag	12	11
Dr D. V. Salkeld, T.D.	8	7
S. Seymour	27	25

Lord Westwood, 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 G. Bowman, Mr G. R. Dickson, Mr W. M. H. Dix, Mr A. Laland, Mr R. Mackenzie, Mr R. W. Mackenzie and Mr D. C. McKeag.

**Fixed Assets**

Movements on Fixed Assets during the year are set out in Note 5 on page 7. Additions include £49,000 expended on the Benwell Training Ground, £30,000 having been expended last year, and £22,000 on the conversion of the gymnasium to new offices, £11,000 having been spent last year.

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 £1,903.

**Auditors**

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

By Order of the Board

Westwood  
Chairman



R. Cushing  
Secretary



18th November, 1977

**Newcastle United  
Football Company Limited**

**Auditors' Report**

In our opinion the accounts set out on pages 6 to 11 which have been prepared on the historical cost basis of accounting give, on this basis, a true and fair view of the state of affairs of the Company at 31st July, 1977, 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 12 to 14. In our opinion these schedules when considered in relation to the accounts, are fairly stated in all material respects.

Newcastle upon Tyne  
18th November, 1977

Deloitte & Co.  
*Chartered Accountants*

**Newcastle United  
Football Company Limited**

**Profit and Loss Account  
for the year ended 31st July, 1977**

	<b>Note</b>	<b>1977</b>	<b>1976</b>
		<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>1</b>	<b>£568,625</b>	<b>£710,599</b>
<b>Operating Loss (1976-profit) before taxation</b>	<b>2</b>	<b>(12,105)</b>	<b>205,298</b>
<b>Taxation</b>	<b>4(a)</b>	<b>13,161</b>	<b>93,000</b>
<b>Operating Loss (1976-profit) after taxation</b>		<b>(25,266)</b>	<b>112,298</b>
<b>Net Income of the Development Association</b>		<b>99,821</b>	<b>102,106</b>
		<b>74,555</b>	<b>214,404</b>
<b>Less: Transfer to Development Reserve</b>		<b>99,821</b>	<b>102,106</b>
		<b>(25,266)</b>	<b>112,298</b>
<b>Surplus (1976-deficit) brought forward</b>		<b>90,902</b>	<b>(21,396)</b>
<b>Surplus carried forward</b>		<b>£65,636</b>	<b>£90,902</b>

The Notes on pages 9 to 11 form part of these accounts

**Newcastle United  
Football Company Limited**

Balance Sheet  
31st July, 1977

	Note	1977	1976
		£	£
<b>Fixed Assets</b>	5	676,518	621,558
<b>Assets set aside for ground improvements</b>	6(b)	208,334	129,375
<b>Current Assets</b>			
Debtors		138,587	22,889
Corporation tax recoverable		3,998	7,636
Investments	7	5,655	5,655
Cash at bank and in hand		214,058	199,531
		<u>£362,298</u>	<u>£235,711</u>
<b>Current Liabilities</b>			
Creditors		155,571	43,439
Season tickets sold for 1977/78 season		266,279	204,759
Corporation Tax	4(b)	68,299	51,000
		<u>£490,149</u>	<u>£299,198</u>
<b>Net Current Liabilities</b>		(127,851)	(63,487)
		<u>£757,001</u>	<u>£687,446</u>
<b>Share Capital</b>	8	1,000	1,000
<b>Reserves</b>	6(a)	719,001	644,446
		<u>720,001</u>	<u>645,446</u>
<b>Deferred Taxation</b>		37,000	42,000
		<u>£757,001</u>	<u>£687,446</u>

  
Westwood }  
R. J. Rutherford } Directors

The Notes on pages 9 to 11 form part of these accounts



**Newcastle United  
Football Company Limited**

**Statement of Source and Application of Funds  
for the year ended 31st July, 1977**

	1977		1976	
	£	£	£	£
<b>Operating Loss (1976-profit) before tax</b>		(12,105)		205,298
<b>Adjustment for items not involving the movement of funds:</b>				
Depreciation		15,560		16,034
Profit on sale of fixed assets		—		(8,210)
Assets written off to profit and loss account		17,725		—
		<u>21,180</u>		<u>213,122</u>
<b>Funds from other sources:</b>				
Development Association profit for the year		99,821		102,106
Sale of fixed assets		—		9,992
Corporation tax recovered		2,776		—
		<u>123,777</u>		<u>325,220</u>
<b>Application of funds:</b>				
Purchase of fixed assets	(88,245)		(66,571)	
Assets set aside for ground improvements	(78,959)		(42,508)	
		<u>(167,204)</u>		<u>(109,079)</u>
		<u>£(43,427)</u>		<u>£216,141</u>
<b>Decrease (1976 increase) in working capital:</b>				
Increase (decrease) in debtors	115,698		(31,505)	
Decrease in investments	—		(10,937)	
(Increase) decrease in creditors	(112,132)		83,644	
Increase in season ticket creditors	(61,520)		(1,159)	
<b>Movement in net liquid funds:</b>				
Increase in bank and cash	14,527		176,098	
		<u>£(43,427)</u>		<u>£216,141</u>

**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—(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
East Stand development (included in Land and Buildings—long leasehold)	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 (included in Land and Buildings).

**(d) Transfer Fees**

Transfer fees payable and receivable are charged or credited to the profit and loss account.

**(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.

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

In common with other clubs designated by the Government, this expenditure is charged to the Profit and Operating Loss Account.

**2. Loss (1976-profit) before taxation**

	1977 £	1976 £
After Crediting:		
Income from investments—quoted	50	613
—unquoted	3,500	344
Bank deposit interest	25,889	11,911
Profit on sale of fixed assets	—	8,210
Compensation insurance in respect of injuries sustained by players	2,036	92,497
Net transfer fees	193,500	(4,000)
After Charging:		
Directors' remuneration	—	—
Depreciation	15,560	16,034
Bank interest	—	1,467
Auditors' remuneration	1,150	1,000
Expenditure required by the Safety of Sports Grounds Act, 1975	197,793	—

**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	
	1977	1976
£10,001—£12,500	10	4
£12,501—£15,000	3	7
£15,001—£17,500	—	3
£22,501—£25,000	—	1

4. Taxation

	1977	1976
<b>(a) Profit and Loss Account</b>	£	£
Corporation tax payable at 42% (1976—52%) based on the results for the year	8,004	51,000
Corporation tax underprovision for prior years	9,295	—
Income Tax	862	—
	<u>18,161</u>	<u>51,000</u>
Deferred Tax—Current year	4,000	42,000
Deferred Tax—Adjustment in respect of prior year	(9,000)	—
	<u>£13,161</u>	<u>£93,000</u>
<b>(b) Current Taxation</b>	1977	1976
	£	£
Corporation tax payable 1st April, 1979	<u>£68,299</u>	<u>£51,000</u>
Corporation tax recoverable	<u>£3,998</u>	<u>£7,636</u>

5. Fixed Assets

	Land & Buildings	Fixtures & Fittings	Motor Vehicles	Total
Cost	£	£	£	£
At 1st August, 1970	742,439	21,040	11,597	775,076
Additions	74,554	8,795	4,896	88,245
	<u>816,993</u>	<u>29,835</u>	<u>16,493</u>	<u>863,321</u>
Disposals	22,896	—	—	22,896
At 31st July, 1977	<u>794,097</u>	<u>29,835</u>	<u>16,493</u>	<u>840,425</u>
Depreciation				
At 1st August 1976	135,455	13,695	4,368	153,518
Disposals	5,171	—	—	5,171
	<u>130,284</u>	<u>13,695</u>	<u>4,368</u>	<u>148,347</u>
Charge for the year	8,331	3,403	3,826	15,560
At 31st July, 1977	<u>138,615</u>	<u>17,098</u>	<u>8,194</u>	<u>163,907</u>
Net Book Value				
31st July, 1977	<u>£655,482</u>	<u>£12,737</u>	<u>£8,299</u>	<u>£676,518</u>
31st July, 1976	<u>£606,984</u>	<u>£7,345</u>	<u>£7,229</u>	<u>£621,558</u>
Details of land and buildings are as follows:	£			
Freehold	129,165			
Long leasehold	526,317			
	<u>£655,482</u>			

The disposals represent expenditure in prior years required under the Safety of Sports Grounds Act, 1975, all of which has been written off to the profit and loss account as it represents costs of repairs rather than improvements.

6. Reserves

(a) Capital reserves	1977 £	1976 £
Development reserve	208,334	129,375
General capital reserve	445,031	424,169
<b>Profit and loss account</b>	<b>653,365</b>	<b>553,544</b>
	<b>65,636</b>	<b>90,902</b>
	<b>£719,001</b>	<b>£644,446</b>

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.

	1977 £	1976 £
At 1st August, 1976	129,375	86,867
Net income for the year	99,821	102,106
	<b>229,196</b>	<b>188,973</b>
Less: Transfer to general capital reserve	20,862	59,598
	<b>£208,334</b>	<b>£129,375</b>

(b) Assets set aside for ground improvements	1977 £	1976 £
Balance at bank, building society deposits and cash	216,215	139,322
Debtors	8,070	7,647
Stock valued at lower of cost and net realisable value	—	677
	<b>224,285</b>	<b>147,646</b>
Less: Creditors	15,951	18,271
	<b>£208,334</b>	<b>£129,375</b>

7. Investments

	1977 £	1976 £
Quoted—British Government Securities at cost	355	355
less amount written off	5,300	5,300
Unquoted—Building Society deposit	—	—
	<b>£5,655</b>	<b>£5,655</b>
Market value of quoted investments	<b>£395</b>	<b>£359</b>

8. Share Capital

	1977 £	1976 £
Authorised, issued and fully paid 2,000 ordinary shares of 50p each	<b>£1,000</b>	<b>£1,000</b>

9. 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. The Company has repudiated these claims.
- (b) Transfer fees of £40,000 are contingent upon future appearances of certain players.

10. Capital Commitments

	1977 £	1976 £
Authorised by the Board and contracted for	—	49,557
Authorised by the Board but not contracted for	<b>400,000</b>	—

**Newcastle United  
Football Company Limited**

**Detailed Profit and Loss Account  
for the year ended 31st July, 1977**

	<b>1977</b>	<b>1976</b>
	<b>£</b>	<b>£</b>
<b>Income—as shown on page 13</b>	<b>660,657</b>	<b>808,479</b>
<b>Expenditure—as shown on page 14</b>	<b>866,262</b>	<b>659,181</b>
	<hr/>	<hr/>
	<b>(205,605)</b>	<b>209,298</b>
<b>Surplus on transfer fees (1976-deficit)</b>	<b>193,500</b>	<b>(4,000)</b>
	<hr/>	<hr/>
<b>Operating Loss (1976-profit)</b>	<b>£(12,105)</b>	<b>£205,298</b>
	<hr/>	<hr/>

**Newcastle United  
Football Company Limited**

**Schedule of Income  
for the year ended 31st July, 1977**

	1977		1976	
	£	£	£	£
Gate Receipts:				
First Team	313,727		291,561	
Reserve Team	698		1,342	
		314,425		292,903
Cup ties and friendlies—net of expenses except bonuses		52,411		204,598
Share of cup pools (Association and League)		11,882		10,868
Share of gates		72,426		72,463
Season tickets		205,018		205,030
Anglo-Scottish Cup—net of expenses except bonuses		40		7,708
Percentages from Association and League—net of payments		3,274		1,927
		659,476		795,497
Deduct: share of gates to visiting clubs		90,851		84,898
		568,625		710,599
Compensation insurance	2,036		92,497	
Ground advertising	21,588		17,585	
Profit on sale of programmes	3,131		9,185	
Broadcasting and television fees	6,716		10,424	
Catering	5,432		4,832	
Sundry receipts	13,817		651	
Income and profit on sale of investments	3,550		1,057	
Bank deposit interest	25,889		11,911	
Interest on short term loans	9,873		1,528	
Profit on sale of residential properties	—		7,698	
Profit on sale of motor vehicles and equipment	—		612	
		92,032		157,880
		£660,657		£868,479

**Newcastle United  
Football Company Limited**

**Schedule of Expenditure  
for the year ended 31st July, 1977**

	1977		1976	
	£	£	£	£
Players wages, bonuses, signing-on levies and transfer expenses	262,151		290,907	
Nursery team and Berwell ground expenses	31,738		20,672	
Travelling, hotel and entertaining expenses	46,081		35,499	
Medical, legal and professional expenses	10,911		7,549	
Referee, linesmen, gatemen and security charges	14,419		11,759	
Police	30,781		26,480	
		396,081		392,866
Salaries and pensions of managerial and administrative staff, trainers and groundsmen	78,159		92,788	
Outfitting	7,742		6,916	
Rent, rates and insurance	62,814		61,682	
National insurance and graduated pension scheme contributions	17,230		16,500	
Repairs and upkeep of ground	35,183		26,741	
Light and heat	10,643		7,678	
Association and League fees and signing-on levies	3,914		(499)	
Bank charges	1,627		2,461	
Printing, stationery, advertising and telephone	24,576		18,660	
Laundry and cleaning	4,597		3,783	
Sundry expenses	6,767		8,113	
Donations	1,903		1,810	
Audit Fee	1,150		1,000	
Depreciation	15,560		16,034	
Bad debt written off	46		584	
Property (net of income)	477		614	
		272,388		264,805
Write down of quoted investment		—		1,450
Expenditure required by Safety of Sports Grounds Act, 1975		197,793		—
		<u>£866,262</u>		<u>£659,181</u>