

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

COMPANY NUMBER 45611



**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2002**

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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2002**

DIRECTORS:

R Bradley
K Cooke
J Hicks
K Roe
S Wright

SECRETARY:

P J Bloomfield

REGISTERED OFFICE:

Sincil Bank Stadium
Lincoln
Lincolnshire
LN5 8LD

REGISTERED NUMBER:

00045611 (England and Wales)

AUDITORS:

Duncan and Toplis
Chartered Accountants and
Registered Auditor
Negotium House
Doddington Road
Lincoln
LN6 3JY

BANKERS:

The Co-operative Bank
Saltergate
Lincoln
LN2 1DG

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2002**

The directors present their report with the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of running a professional football club and ancillary bar and catering operations.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2002.

DIRECTORS

The directors during the year under review were:

R Bradley
K Cooke
J Hicks
K Roe
S Wright
R H Chester

- appointed 23.1.02
- resigned 25.3.02

The beneficial interests of the directors holding office on 30 June 2002 in the issued share capital of the company were as follows:

	30.6.02	1.7.01 or date of appointment if later
Ordinary 50p shares		
R Bradley	6,000	2,000
K Cooke	100	100
J Hicks	103,032	103,032
K Roe	100,310	100,010
S Wright	10	10

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 financial statements 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.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2002**

AUDITORS

The auditors, Duncan and Toplis, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'R Bradley', written in a cursive style.

R Bradley - DIRECTOR

Dated: 19 December 2002

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

We have audited the financial statements of Lincoln City Football Club Company Limited for the year ended 30 June 2002 on pages six to nineteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, except that the scope of our work was limited as explained below.

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 company's circumstances, consistently applied and adequately disclosed.

We planned 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. However the, financial statements for the year to 30 June 2001 were qualified because the auditors were unable to obtain sufficient evidence in respect of creditors. Any adjustment to this figure would affect the loss for the year to 30 June 2002.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going concern

In forming our opinion we have considered the adequacy of the disclosures in Notes 20 and 21 of the financial statements concerning the reliance on continued support from the company's bankers and creditors and satisfaction of the company voluntary arrangement. In view of the significance of this matter we consider it should be drawn to your attention but our opinion is not qualified in this respect.

The financial statements do not include any adjustments that might result from a withdrawal of support by the company's bankers or creditors.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

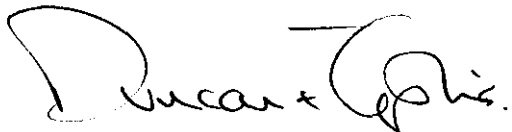
**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

Qualified opinion arising from the limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the value of opening creditors, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation of work relating to opening creditors:

We have not obtained all the information and explanations that we considered necessary for the purpose of our audit.



Duncan and Toplis
Chartered Accountants and
Registered Auditor
Negotium House
Doddington Road
Lincoln
LN6 3JY

Dated: 8 January 2003

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002**

		2002		2001	
	Notes	£	£	£	£
TURNOVER			1,705,784		1,924,221
Other operating income	2		<u>570,706</u>		<u>375,355</u>
			2,276,490		2,299,576
Staff costs	3	1,727,109		1,865,690	
Depreciation		107,822		131,920	
Other operating charges		<u>671,948</u>		<u>813,185</u>	
			<u>2,506,879</u>		<u>2,810,795</u>
OPERATING LOSS	4		(230,389)		(511,219)
Interest payable and similar charges	5		<u>81,500</u>		<u>38,833</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION			(311,889)		(550,052)
Tax on loss on ordinary activities	6		<u>-</u>		<u>-</u>
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION			(311,889)		(550,052)
Deficit brought forward			<u>(2,274,085)</u>		<u>(1,756,741)</u>
			(2,585,974)		(2,306,793)
Transfer of amount equivalent to additional depreciation on revalued assets			<u>32,708</u>		<u>32,708</u>
DEFICIT CARRIED FORWARD			<u>£(2,553,266)</u>		<u>£(2,274,085)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current and previous years.

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTE OF HISTORICAL COST PROFITS AND LOSSES
FOR THE YEAR ENDED 30 JUNE 2002**

	<u>2002</u>	<u>2001</u>
	£	£
REPORTED LOSS		
ON ORDINARY ACTIVITIES BEFORE TAXATION	(311,889)	(550,052)
Transfer of amount equivalent to additional depreciation on revalued assets	<u>32,708</u>	<u>32,708</u>
HISTORICAL COST LOSS		
ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£(279,181)</u>	<u>£(517,344)</u>
 Historical cost loss for the year after taxation	 <u>£(279,181)</u>	 <u>£(517,344)</u>

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**BALANCE SHEET
30 JUNE 2002**

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	8		4,643		8,333
Tangible assets	9		<u>2,410,751</u>		<u>2,489,897</u>
			2,415,394		2,498,230
CURRENT ASSETS:					
Stocks	10	9,053		25,030	
Debtors	11	89,570		155,195	
Cash at bank and in hand		<u>224,074</u>		<u>12,008</u>	
		322,697		192,233	
CREDITORS: Amounts falling due within one year	12	<u>2,030,297</u>		<u>1,851,002</u>	
NET CURRENT LIABILITIES:			<u>(1,707,600)</u>		<u>(1,658,769)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			707,794		839,461
CREDITORS: Amounts falling due after more than one year	13		<u>738,319</u>		<u>646,002</u>
			<u>£(30,525)</u>		<u>£193,459</u>
CAPITAL AND RESERVES:					
Called up share capital	16		1,207,237		1,119,332
Revaluation reserve	17		1,315,504		1,348,212
Profit and loss account			<u>(2,553,266)</u>		<u>(2,274,085)</u>
SHAREHOLDERS' FUNDS:	19		<u>£(30,525)</u>		<u>£193,459</u>

ON BEHALF OF THE BOARD:



K Cooke - DIRECTOR

Approved by the Board on 19 December 2002

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

		2002		2001	
	Notes	£	£	£	£
Net cash inflow/(outflow) from operating activities	1		154,718		(155,950)
Returns on investments and servicing of finance	2		(81,500)		(38,833)
Capital expenditure	2		<u>(24,986)</u>		<u>(257,393)</u>
			48,232		(452,176)
Financing	2		<u>51,531</u>		<u>362,690</u>
Increase/(Decrease) in cash in the period			<u>£99,763</u>		<u>£(89,486)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period			99,763		(89,486)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>36,374</u>		<u>(142,178)</u>
Change in net debt resulting from cash flows			<u>136,137</u>		<u>(231,664)</u>
Movement in net debt in the period			136,137		(231,664)
Net debt at 1 July			<u>(1,084,148)</u>		<u>(852,484)</u>
Net debt at 30 June			<u>£(948,011)</u>		<u>£(1,084,148)</u>

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

**1. RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM
OPERATING ACTIVITIES**

	2002 £	2001 £
Operating loss	(230,389)	(511,219)
Depreciation charges	107,822	131,970
Decrease in stocks	15,977	431
Decrease in debtors	65,625	17,970
Increase in creditors	<u>195,683</u>	<u>204,898</u>
Net cash inflow/(outflow) from operating activities	<u>154,718</u>	<u>(155,950)</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest paid	(80,772)	(37,740)
Interest element of hire purchase payments	<u>(728)</u>	<u>(1,093)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(81,500)</u>	<u>(38,833)</u>
Capital expenditure		
Purchase of intangible fixed assets	(2,500)	(10,000)
Purchase of tangible fixed assets	<u>(22,486)</u>	<u>(247,393)</u>
Net cash outflow for capital expenditure	<u>(24,986)</u>	<u>(257,393)</u>
Financing		
New loan taken out in year	-	407,500
Loan repayments in year	(57,276)	(158,524)
Capital element of HP repayments	(4,098)	(5,464)
Amount introduced by directors	25,000	-
Amount withdrawn by directors	-	(101,334)
Cash receipt re share issue	<u>87,905</u>	<u>220,512</u>
Net cash inflow from financing	<u>51,531</u>	<u>362,690</u>

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.01 £	Cash flow £	At 30.6.02 £
Net cash:			
Cash at bank and in hand	12,008	212,066	224,074
Bank overdraft	<u>(486,859)</u>	<u>(112,303)</u>	<u>(599,162)</u>
	<u>(474,851)</u>	<u>99,763</u>	<u>(375,088)</u>
Debt:			
Hire purchase	(6,831)	4,098	(2,733)
Debts falling due within one year	(500,198)	267,791	(232,407)
Debts falling due after one year	<u>(102,268)</u>	<u>(235,515)</u>	<u>(337,783)</u>
	<u>(609,297)</u>	<u>36,374</u>	<u>(572,923)</u>
Total	<u>(1,084,148)</u>	<u>136,137</u>	<u>(948,011)</u>

Analysed in Balance Sheet

Cash at bank and in hand	12,008	224,074
Bank overdraft	(486,859)	(599,162)
Hire purchase		
within one year	(5,464)	(2,733)
after one year	(1,367)	-
Debts falling due		
within one year	(500,198)	(232,407)
Debts falling due		
after one year	<u>(102,268)</u>	<u>(337,783)</u>
	<u>(1,084,148)</u>	<u>(948,011)</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, modified by the revaluation of certain fixed assets.

Turnover

Turnover represents gate monies, football league levy and cup pool, advertising and sponsorship deals, bar and catering, retail shop and all weather pitch income, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 2% on cost
All weather pitch	- 2% on cost
Fixtures, fittings and equipment	- 10% on cost
Motor vehicles	- 20% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. No provision has been made for any potential taxation liability that might arise if the assets were realised at the revalued amount.

Leases

Assets held under finance leases and hire purchase contracts and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a reducing balance basis over the shorter of the lease term and the useful life of the asset. Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable, so that the charge for each accounting period is a constant percentage of the original capital sum. Rentals payable under leases are charged on a straight line basis over the term of the lease.

Pension cost

Pensions are paid to some employees' personal pension plans. These costs are charged to the profit and loss account as they occur.

Other operating income

Other operating income represents receipts from fundraising and donations, and income from the school of excellence.

Government grants

Government grants received are treated as deferred creditors and credited to the profit and loss account over the estimated useful life of the relevant fixed assets.

Players

Transfer fees paid for players are capitalised in the year of purchase at the transfer price. This amount is amortised to the profit and loss account over the period of the player's contract.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

2. OTHER OPERATING INCOME

	2002	2001
	£	£
Release of grant	9,424	39,093
Sundry receipts	66,328	20,623
School of excellence	180,248	119,750
Fundraising and donations	<u>314,706</u>	<u>195,889</u>
	<u>570,706</u>	<u>375,355</u>

3. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	1,596,869	1,699,028
Social security costs	129,796	140,752
Other pension costs	<u>444</u>	<u>25,910</u>
	<u>1,727,109</u>	<u>1,865,690</u>

The average monthly number of employees during the year was as follows:

	2002	2001
Players	21	23
Support staff	<u>61</u>	<u>59</u>
	<u>82</u>	<u>82</u>

4. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2002	2001
	£	£
Hire of plant and machinery	29,831	29,620
Depreciation - owned assets	99,147	97,197
Depreciation - assets on hire purchase contracts	2,485	3,106
Players written off	6,190	31,667
Auditors' remuneration	2,997	4,000
Legal and professional fees relating to administration	83,662	-
Net transfer fees	<u>(41,693)</u>	<u>(274,921)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	30,626	31,716
Bank loan interest	8,983	8,024
Other interest	21,560	(2,000)
Interest on late tax payments	19,603	-
Hire purchase interest	<u>728</u>	<u>1,093</u>
	<u>81,500</u>	<u>38,833</u>

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2002 nor for the year ended 30 June 2001.

Factors that may affect future tax charges

Losses carried forward amounted to £4,371,506. However as part of the CVA some of these losses may be foregone. No provision has been made for a deferred taxation asset.

7. SEGMENTAL INFORMATION

The turnover, loss before taxation and net assets are attributable to the principal activity of running a professional football club and ancillary bar and catering operations. The company operates in the United Kingdom and the whole of the turnover is to the UK market.

8. INTANGIBLE FIXED ASSETS

	Players
	£
COST:	
At 1 July 2001	235,500
Additions	2,500
Disposals	<u>(135,500)</u>
At 30 June 2002	<u>102,500</u>
AMORTISATION:	
At 1 July 2001	227,167
Charge for year	6,190
Eliminated on disposals	<u>(135,500)</u>
At 30 June 2002	<u>97,857</u>
NET BOOK VALUE:	
At 30 June 2002	<u>4,643</u>
At 30 June 2001	<u>8,333</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

9. TANGIBLE FIXED ASSETS

	Freehold property	All weather pitch	Fixtures, fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
COST:					
At 1 July 2001	2,520,346	301,009	411,678	45,725	3,278,758
Additions	<u>13,368</u>	<u>-</u>	<u>9,118</u>	<u>-</u>	<u>22,486</u>
At 30 June 2002	<u>2,533,714</u>	<u>301,009</u>	<u>420,796</u>	<u>45,725</u>	<u>3,301,244</u>
DEPRECIATION:					
At 1 July 2001	393,031	23,427	342,578	29,825	788,861
Charge for year	<u>50,651</u>	<u>6,020</u>	<u>41,781</u>	<u>3,180</u>	<u>101,632</u>
At 30 June 2002	<u>443,682</u>	<u>29,447</u>	<u>384,359</u>	<u>33,005</u>	<u>890,493</u>
NET BOOK VALUE:					
At 30 June 2002	<u>2,090,032</u>	<u>271,562</u>	<u>36,437</u>	<u>12,720</u>	<u>2,410,751</u>
At 30 June 2001	<u>2,127,315</u>	<u>277,582</u>	<u>69,100</u>	<u>15,900</u>	<u>2,489,897</u>

The St Andrews Stand and Stacey West Stand were revalued by the directors in the year 1990/91 and the South Park Stand revalued in 1992/93. In 1993/94 the Stacey West Stand was revalued by a further £300,000 and other ground improvements by £91,022. In 1994/95 the Sincil Bank Stand was completed and revalued by £719,821. In all cases the revaluations are at a value less than actual construction costs incurred. The difference between cost less grants, and the revaluation, has been transferred to a Revaluation Reserve. All depreciation relating to the revaluation written off these assets has been transferred to the Profit and Loss Account from Revaluation Reserve as disclosed. Had the revaluations not been carried out, the original cost less grants of the stands and buildings would have been £681,371 and the net book value £549,126.

The company has adopted the transitional provisions of Financial Reporting Standard 15 "Tangible Fixed Assets" and has retained the previous revaluations. It is no longer company policy to revalue fixed assets.

The net book value of tangible fixed assets includes £9,939 (2001 - £12,424) in respect of assets held under hire purchase contracts.

10. STOCKS

	2002 £	2001 £
Goods for resale	<u>9,053</u>	<u>25,030</u>

**11. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Trade debtors	19,375	131,256
Other debtors	5,000	17,500
Prepayments and accrued income	<u>65,195</u>	<u>6,439</u>
	<u>89,570</u>	<u>155,195</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

**12. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Bank loans and overdrafts (see note 14)	599,162	636,859
Brewery loan (see note 14)	8,880	8,880
Other loans (see note 14)	101,527	244,318
Hire purchase contracts (see note 15)	2,733	5,464
Trade creditors	159,597	195,551
Directors Loans	122,000	97,000
Other creditors	-	7,562
Other taxes and social security costs	448,671	259,469
Accruals and deferred income	<u>587,727</u>	<u>395,899</u>
	<u>2,030,297</u>	<u>1,851,002</u>

The bank overdraft and loan are secured by a debenture dated 9 April 2001. The bank also holds a legal mortgage over the registered freehold football ground and car park known as Sincil Bank Stadium, Lincoln. The brewery loan has an interest charge of 2% above the bank base rate and is secured by a debenture and legal mortgage over the freehold ground and assets of the company. These are subordinated by a deed of priority between the bank and the brewery. Other loans include an interest bearing loan of £20,192 carrying interest at 7% p.a. and repayable on 12 months notice, and £71,578 originally repayable on or before 15 August 2001, now renegotiated and bearing interest at base rate. All other loans are interest free, with no fixed terms for repayment.

The hire purchase agreements are secured on the assets concerned.

**13. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	2002 £	2001 £
Bank loans (see note 14)	150,000	-
Brewery loan (see note 14)	89,761	96,422
Other loans (see note 14)	98,022	5,846
Accruals and deferred income	400,536	542,367
Hire purchase contracts (see note 15)	<u>-</u>	<u>1,367</u>
	<u>738,319</u>	<u>646,002</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002**

14. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	2002 £	2001 £
Amounts falling due within one year or on demand:		
Bank overdrafts	599,162	486,859
Bank loans	-	150,000
Brewery loan	8,880	8,880
Directors Loans	122,000	97,000
Other loans	<u>101,527</u>	<u>244,318</u>
	<u>831,569</u>	<u>987,057</u>
Amounts falling due between one and two years:		
Bank loans	150,000	-
Brewery loan	8,880	8,880
Other loans	<u>79,020</u>	<u>5,846</u>
	<u>237,900</u>	<u>14,726</u>
Amounts falling due between two and five years:		
Brewery loan	26,640	35,520
Other loans	<u>19,002</u>	<u>-</u>
	<u>45,642</u>	<u>35,520</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Brewery loan	<u>54,241</u>	<u>52,022</u>

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15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2002 £	2001 £
Gross obligations repayable:		
Within one year	3,279	6,557
Between one and five years	<u>-</u>	<u>1,639</u>
	<u>3,279</u>	<u>8,196</u>
Finance charges repayable:		
Within one year	546	1,093
Between one and five years	<u>-</u>	<u>272</u>
	<u>546</u>	<u>1,365</u>
Net obligations repayable:		
Within one year	2,733	5,464
Between one and five years	<u>-</u>	<u>1,367</u>
	<u>2,733</u>	<u>6,831</u>

16. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002 £	2001 £
6,000,000	Ordinary	50p	3,000,000	1,500,000
(2001 - 3,000,000)			<u> </u>	<u> </u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002 £	2001 £
2,414,474	Ordinary	50p	1,207,237	1,119,332
(2001 - 2,238,664)			<u> </u>	<u> </u>

The following shares were allotted and fully paid for cash at par during the year:

175,810 Ordinary shares of 50p each

17. REVALUATION RESERVE

	2002 £	2001 £
Brought forward	1,348,212	1,380,920
Transfer of amount equivalent to additional depreciation on revalued assets	<u>(32,708)</u>	<u>(32,708)</u>
	<u>1,315,504</u>	<u>1,348,212</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
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18. RELATED PARTY DISCLOSURES

J Hicks has made an unsecured loan to the club, with no fixed terms for repayment. The balance outstanding at 30 June 2002 was £25,000 (2001:£25,000).

Included within directors loans is an amount owing to Gusto Construction Limited, a company controlled by S Wright. The balance outstanding at 30 June 2002 was £72,000 (2001:£72,000).

During the year K Roe made a loan to the company and at 30 June 2002 the balance outstanding is £25,000.

During the year services of £19,306 were provided by a company in which R H Chester, a director during the year, has an interest.

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Loss for the financial year	(311,889)	(550,052)
Issue of shares at par	<u>87,905</u>	<u>220,512</u>
Net reduction of shareholders' funds	(223,984)	(329,540)
Opening shareholders' funds	<u>193,459</u>	<u>522,999</u>
Closing shareholders' funds	<u>(30,525)</u>	<u>193,459</u>
Equity interests	<u>(30,525)</u>	<u>193,459</u>

20. GOING CONCERN

These financial statements have been prepared on the going concern basis, notwithstanding a significant excess of creditors falling due within one year over current assets. The company relies on goodwill and support from various sources to fund its activities, including the local business community, its bankers, directors and the shareholders. In particular, the company relies on an overdraft from the bank and loans made by the directors to support its day to day cash requirements. Without this support the company would have difficulty meeting its obligations. The directors have prepared these financial statements on the going concern basis on the basis that the company will continue to receive the support of its bankers and other loan creditors.

21. COMPANY VOLUNTARY ARRANGEMENT

On 3 May 2002, joint administrators were appointed.

On 21 June 2002, a meeting of creditors unanimously approved proposals for the company to enter into a company voluntary arrangement. Following that meeting a meeting of members unanimously approved the proposals.

The arrangement included the satisfaction of a significant proportion of creditors by way of an issue of shares and as such has enabled the company to be confident in fulfilling the arrangement.

No matters have come to light since the year-end that suggest the company cannot meet the arrangements agreed.