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# Lincoln City Football Club Company Limited

Annual Report  
1998/99

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# **Lincoln City Football Club Company Limited**

## **Annual Report 1998/99**

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# **Lincoln City Football Club Company Limited**

## **Company Information**

**Company number :** 00045611

**Chairman :** K J Reames

**Directors :** K J Reames (Chairman)  
H Sills (deceased 5.1.99)  
J Hicks  
N Woolsey  
P Jackson  
S Tindall (appointed 31.8.99)

**Secretary :** H Sills (deceased 5.1.99)  
J Hicks (appointed 16.2.99)

**Registered Office :** Sincil Bank  
Lincoln

**Auditors :** Mazars Neville Russell  
Chartered Accountants  
Cartwright House  
Tottle Road  
Nottingham  
NG2 1RT

**Bankers :** Barclays Bank plc  
City Office Park  
Tritton Road  
Lincoln

# **Lincoln City Football Club Company Limited**

## **Directors' Report**

The directors present their Report, and the financial statements for the year ended 30 June 1999.

### **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;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- 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.

### **Results**

The results of the company for the year ended 30 June 1999 are set out in the attached financial statements.

The directors do not recommend the payment of any dividend.

### **Principal activities, trading review and future developments**

The principal activities of the company continued to be the running of a professional football club and ancillary bar and catering operations.

# Lincoln City Football Club Company Limited

## Directors' Report (continued)

### Directors

The directors set out in the table below have held office during the whole of the period from 1 July 1998 to the date of this report, unless otherwise stated. The interests of the directors holding office on 30 June 1999 in the shares of the company, according to the Register of Directors' Interests were as shown below:

Director's Name	Ordinary shares of 50p each	
	30 June 1999	1 July 1998
	Beneficial interests	Beneficial interests
K J Reames	815,821	815,821
H Sills (deceased 5.1.99)	163,032	163,052
J Hicks	103,032	103,032
N Woolsey	50,000	50,000
P Jackson	50,000	50,000
S Tindall (appointed 31.8.99)	-	-

The director retiring by rotation is P Jackson who being eligible, offers himself for re-election.

S Tindall, being appointed since the last Annual General Meeting, is required to retire and he offers himself for re-election.

### Year 2000 costs

The directors have considered the year 2000 problem and the affect it will have upon the company. Whilst it is acknowledged that the directors can not eliminate all the risks associated with this problem, they do not consider the effects to be material.

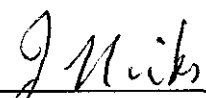
The directors are implementing the final changes that are required to ensure the effects of this problem are minimised.

The costs of addressing this problem are being recognised in the Profit and Loss Account as they are incurred.

### Auditors

Mazars Neville Russell have signified their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Approved by the board on 11 October 1999  
and signed on its behalf by

  
\_\_\_\_\_  
J Hicks, Secretary

## **Auditors' Report to the Members of Lincoln City Football Club Company Limited**

We have audited the financial statements on pages 5 to 20 which have been prepared following the accounting policies set out on pages 10 and 11.

### **Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. 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.

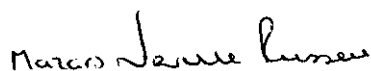
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. 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 made in note 20 to the financial statements concerning the preparation of the financial statements on a going concern basis. In view of the significance of this uncertainty we consider that it should be drawn to your attention, but our opinion is not qualified in this respect.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



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**Mazars Neville Russell**

**Chartered Accountants**  
and Registered Auditors

Cartwright House  
Tottle Road  
Nottingham  
NG2 1RT

Dated : 14 October 1999

# Lincoln City Football Club Company Limited

## Profit and Loss Account For the year ended 30 June 1999

		1999	As Restated 1998
	Notes	£	£
Turnover	2	1,543,832	1,187,948
Other operating income	4	<u>631,807</u>	<u>403,427</u>
		2,175,639	1,591,375
Staff costs	6	<u>( 1,716,467)</u>	<u>( 1,405,443)</u>
		459,172	185,932
Depreciation of fixed assets and amortisation of players		155,135	184,027
Release of grant	( 7,717)	( 4,237)	
Other operating charges		<u>530,776</u>	<u>491,319</u>
		<u>( 678,194)</u>	<u>( 671,109)</u>
<b>Operating loss</b>		<b>( 219,022)</b>	<b>( 485,177)</b>
Interest payable and similar charges	5	( 38,649)	( 38,990)
Transfer fees receivable	22	33,750	50,000
Transfer fees payable	22	( 9,500)	1,375
Profit on disposal of players		74,558	361,860
		<u>                    </u>	<u>                    </u>
<b>Loss on ordinary activities before taxation</b>	3	<b>( 158,863)</b>	<b>( 110,932)</b>
<b>Taxation</b>	8	<u>-</u>	<u>-</u>
<b>Retained loss for the financial year</b>		<b><u>( 158,863)</u></b>	<b><u>( 110,932)</u></b>

The company's turnover and expenses all relate to continuing operations.

The notes on pages 10 to 20 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 1999

	1999 £	As Restated 1998 £
<b>Reported loss on ordinary activities before taxation</b>	( 158,863)	( 110,932)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	<u>32,798</u>	<u>32,909</u>
<b>Historical cost loss on ordinary activities before taxation</b>	<u>( 126,065)</u>	<u>( 78,023)</u>
<b>Historical cost loss for the year</b>	<u>( 126,065)</u>	<u>( 78,023)</u>

## Statement of Total Recognised Gains and Losses For the year ended 30 June 1999

	1999 £	As Restated 1998 £
Loss for the financial year	( 158,863)	( 110,932)
<b>Total recognised gains and losses relating to the year</b>	<u>( 158,863)</u>	<u>( 110,932)</u>
Prior year adjustment	<u>118,335</u>	<u>-</u>
<b>Total gains and losses recognised since the last annual report</b>	<u>( 40,528)</u>	<u>( 110,932)</u>




# Lincoln City Football Club Company Limited

## Balance Sheet at 30 June 1999

	Notes	1999 £	As Restated 1998 £
<b>Fixed assets</b>			
Tangible assets	9	2,398,092	2,380,864
Intangible assets	10	83,336	118,335
		<u>2,481,428</u>	<u>2,499,199</u>
<b>Current assets</b>			
Stocks	11	38,673	33,543
Debtors	12	97,670	98,227
Cash at bank and in hand		4,393	5,740
		<u>140,736</u>	<u>137,510</u>
<b>Creditors – amounts falling due within one year</b>	13	( 1,011,153)	( 1,040,961)
<b>Net current liabilities</b>		<u>( 870,417)</u>	<u>( 903,451)</u>
<b>Total assets less current liabilities</b>		1,611,011	1,595,748
<b>Creditors – amounts falling due after more than one year</b>	14	( 663,343)	( 520,787)
		<u>947,668</u>	<u>1,074,961</u>
<b>Capital and reserves</b>			
Called up share capital	16	826,854	795,284
Revaluation reserve	17	1,413,628	1,446,426
Profit and loss account	17	( 1,292,814)	( 1,166,749)
<b>Shareholders' funds</b>	18	<u>947,668</u>	<u>1,074,961</u>

Approved by the board on 11 October 1999  
and signed on its behalf by

  
K J Reames, Director

  
J Hicks, Director

The notes on pages 10 to 20 form part of these financial statements.

# Lincoln City Football Club Company Limited

## Cash Flow Statement

For the year ended 30 June 1999

	1999 £	As Restated 1998 £
<b>Reconciliation of operating profit to net cash (outflow)/inflow from operating activities</b>		
Operating loss	( 219,022)	( 485,177)
Movements in transfer market	24,250	51,375
Depreciation and amortisation charges	155,135	184,027
Release of grant	( 7,717)	( 4,237)
Increase in stocks	( 5,130)	( 9,304)
Decrease/(increase) in debtors	557	( 28,421)
(Decrease)/increase in creditors	( 47,188)	357,516
	<u>( 99,115)</u>	<u>65,779</u>
<b>Net cash (outflow)/inflow from operating activities</b>	<u>( 99,115)</u>	<u>65,779</u>
<b>Cash flow statement</b>		
Net cash (outflow)/inflow from operating activities	( 99,115)	65,779
Returns on investments and servicing of finance (note 1)	( 39,625)	( 39,106)
Capital expenditure (note 1)	40,015	113,285
	<u>( 98,725)</u>	<u>139,958</u>
Financing (note 1)	103,327	( 111,244)
	<u>4,602</u>	<u>28,714</u>
<b>Increase in cash in the period</b>	<u>4,602</u>	<u>28,714</u>
<b>Reconciliation of net cash flow to movement in net debt (note 2)</b>		
Increase in cash in the period	4,602	28,714
Cash (outflow)/inflow from increase in debt and lease financing	( 93,613)	111,494
	<u>( 89,011)</u>	<u>140,208</u>
Change in net debt resulting from cash flows	( 89,011)	140,208
New finance leases	21,856	-
Net debt at 1 July 1998	( 664,251)	( 804,459)
<b>Net debt at 30 June 1999</b>	<u>( 731,406)</u>	<u>( 664,251)</u>

# Lincoln City Football Club Company Limited

## Notes to the Cash Flow Statement For the year ended 30 June 1999

	1999 £	As Restated 1998 £	
1. Gross cash flows			
Returns on investments and servicing of finance			
Interest paid	( 39,625)	( 39,106)	
Net cash outflow for returns on investments and servicing of finance	( 39,625)	( 39,106)	
Capital expenditure and financial investments			
Payments to acquire tangible fixed assets and players	( 204,031)	( 499,327)	
Receipts from government and other grants	102,821	211,850	
Receipts from disposal of tangible fixed assets and players	141,225	400,762	
Net cash inflow from capital expenditure and financial investments	40,015	113,285	
Financing			
New loans	100,906	93,815	
Repayments of loans	( 46,908)	( 198,902)	
Capital element of finance lease rental payments	17,759	( 6,407)	
Issue of ordinary share capital	31,570	250	
Net cash inflow/(outflow) from financing	103,327	( 111,244)	
2. Analysis of changes in net debt			
	At 1 July 1998 £	Cash flows £	At 30 June 1999 £
Cash in hand and at bank	5,740	( 1,347)	4,393
Overdrafts	( 255,780)	5,949	( 249,831)
	( 250,040)	4,602	( 245,438)
Loans	( 414,211)	( 53,998)	( 468,209)
Finance leases	-	( 17,759)	( 17,759)
	( 414,211)	( 71,757)	( 485,968)
Total	( 664,251)	( 67,155)	( 731,406)

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

#### (a) Accounting convention

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

#### (b) Turnover

Turnover represents gate monies, football league levy and cup pool, advertising and sponsorship deals, excluding value added tax.

#### (c) Other operating income

Other operating income represents fundraising, donations, bar and catering receipts.

#### (d) Depreciation

Depreciation is calculated to write off the cost or revalued amount less estimated residual value of fixed assets over their estimated useful lives at the following rates:

Leasehold stands and buildings	- 2% p.a. straight line
All weather pitch	- 2% p.a. straight line
Fixtures, fittings and equipment	- 10% p.a. straight line
Motor vehicles	- 20% p.a. reducing balance

#### (e) 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 asset.

#### (f) Stocks

Stocks are valued at the lower of cost and net realisable value.

#### (g) Deferred tax

Deferred tax is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

#### (h) Leases

##### Finance 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.

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 1. Accounting policies (continued)

#### (h) Leases (continued)

##### Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

#### (i) Players

Players will be capitalised in the year of purchase at the transfer price. This amount will be amortised to the profit and loss account over the period of the players contract. This is a change in accounting policy. Previously, transfer fees were not included as assets of the club.

#### (j) Pension cost

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

### 2. Segmental information

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

### 3. Loss on ordinary activities before taxation

The loss on ordinary activities before taxation is stated after charging:

	1999 £	At Restated 1998 £
Staff costs (note 6)	1,716,467	1,405,443
Depreciation of owned tangible fixed assets	91,950	89,656
Depreciation of assets held under hire purchase contracts	4,853	-
Amortisation of players	58,332	90,833
Loss on disposal of assets	-	3,538
Hire of plant and machinery – operating leases	5,081	4,236
Auditors' remuneration – audit fee	4,100	4,100
	<u>          </u>	<u>          </u>

### 4. Other operating income

	1999 £	1998 £
Bar and catering receipts	279,417	231,244
Fundraising and donations	162,320	145,733
Sundry receipts	8,651	8,847
Other income	16,307	17,603
School of excellence	136,998	-
All weather pitch	28,114	-
	<u>          </u>	<u>          </u>
	631,807	403,427
	<u>          </u>	<u>          </u>

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 5. Interest payable and similar charges

	1999 £	1998 £
Bank loans and overdrafts	28,133	19,888
Other loans	9,695	17,865
Finance charges – hire purchase contracts	821	1,237
	<u>38,649</u>	<u>38,990</u>

### 6. Staff costs

	1999 £	1998 £
Wages and salaries	1,578,022	1,291,240
Social security costs	131,991	108,506
Pension contributions	6,454	5,697
	<u>1,716,467</u>	<u>1,405,443</u>

The average number of persons, including directors employed by the company during the year, was as follows:

	1999 Number	1998 Number
Social and catering	22	21
Players	22	22
Office and ground staff	13	10
Team management and coaching	26	7
	<u>83</u>	<u>60</u>

### 7. Directors

	1999 £	1998 £
Emoluments		
Management services	-	-
	<u>-</u>	<u>-</u>

### 8. Taxation

There is no corporation tax liability in either of the current or comparative years.

Losses carried forward amounted to £2,987,903 (1998 £2,836,100).

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 9. Tangible fixed assets

	Leasehold stands & buildings £	All weather pitch £	Fixtures fittings & equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>					
At 1 July 1998	2,179,920	288,203	385,848	21,460	2,875,431
Additions	73,554	5,590	10,622	24,265	114,031
Disposals	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 30 June 1999</b>	<b><u>2,253,474</u></b>	<b><u>293,793</u></b>	<b><u>396,470</u></b>	<b><u>45,725</u></b>	<b><u>2,989,462</u></b>
<b>Depreciation</b>					
At 1 July 1998	252,479	5,763	221,652	14,673	494,567
Charge for the year	45,070	5,876	39,647	6,210	96,803
Eliminated on disposal	-	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 30 June 1999</b>	<b><u>297,549</u></b>	<b><u>11,639</u></b>	<b><u>261,299</u></b>	<b><u>20,883</u></b>	<b><u>591,370</u></b>
<b>Net book values</b>					
<b>At 30 June 1999</b>	<b><u>1,955,925</u></b>	<b><u>282,154</u></b>	<b><u>135,171</u></b>	<b><u>24,842</u></b>	<b><u>2,398,092</u></b>
At 30 June 1998	<u>1,927,441</u>	<u>282,440</u>	<u>164,196</u>	<u>6,787</u>	<u>2,380,864</u>
Included in the net book values above are the following amounts in respect of assets held under hire purchase contracts:					
<b>At 30 June 1999</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>19,412</u></b>	<b><u>19,412</u></b>
At 30 June 1998	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

See note 15 for details of revaluation.

The Stands and Buildings are held on a long lease which expires on 22 June 2117.

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 10. Intangible fixed assets

	Players 1999 £	Players As Restated 1998 £
<b>Cost</b>		
At 1 July 1998	335,500	245,500
Additions	90,000	170,000
Disposals	( 155,000)	( 80,000)
	<u>270,500</u>	<u>335,500</u>
<b>At 30 June 1999</b>		
<b>Amortisation</b>		
At 1 July 1998	217,165	171,330
Charge for the year	58,332	90,833
Eliminated on disposal	( 88,333)	( 44,998)
	<u>187,164</u>	<u>217,165</u>
<b>At 30 June 1999</b>		
<b>Net Book Values</b>		
<b>At 30 June 1999</b>	<u>83,336</u>	
At 30 June 1998		<u>118,335</u>

### 11. Stocks

	1998 £	1997 £
Goods for resale	<u>38,673</u>	<u>33,543</u>

### 12. Debtors

	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	51,245	46,615
Other debtors	20,694	19,223
Prepayments and accrued income	<u>25,731</u>	<u>32,389</u>
	<u>97,670</u>	<u>98,227</u>



# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 13. Creditors – amounts falling due within one year

	1999 £	1998 £
Bank loans and overdraft	249,831	255,780
Obligations under hire purchase contracts	5,464	-
Trade creditors	236,360	421,484
Other creditors	890	510
Football Trust loan	16,665	40,000
Interest bearing loans	112,636	50,536
Mansfield Brewery loan	8,880	6,264
Other taxation and social security costs	164,797	47,856
Accruals and deferred income	215,630	218,531
	<u>1,011,153</u>	<u>1,040,961</u>

The bank overdraft is secured by a debenture dated 21 April 1992.

The bank overdraft is also secured by personal guarantees given by a director, totalling £260,000.

The hire purchase liabilities are secured on the relevant assets.

The interest bearing loans carry interest at 7% p.a. and are repayable on 12 months notice.

The Football Trust loan is interest free and is repayable at the rate of £3,333 per month.

The Mansfield Brewery loan has an interest charge of 1.75% below the Midland Bank rate and is secured by a fixed and floating charge over the assets of the company.

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 14. Creditors – amounts falling due after more than one year

	1999 £	1998 £
Obligations under hire purchase contracts	12,295	-
Football Trust loan	-	16,661
Interest free loans	215,460	215,809
Mansfield Brewery loan	114,569	84,941
Accruals and deferred income	321,019	203,376
	<u>663,343</u>	<u>520,787</u>
Included above are the following:		
	1999 £	1998 £
<b>Amounts repayable by instalments</b>		
<b>Not wholly repayable within five years:</b>		
Repayable within five years:		
Mansfield Brewery loan	25,056	25,056
Repayable after five years:		
Mansfield Brewery loan	89,513	59,885
	<u>114,569</u>	<u>84,941</u>
<b>Wholly repayable within five years:</b>		
Obligations under hire purchase contracts	12,295	-
Football Trust loan	-	16,661
	<u>12,295</u>	<u>16,661</u>
	<u>126,864</u>	<u>101,602</u>

The Football Trust loan is interest free and is repayable at the rate of £3,333 per month.

The Mansfield Brewery loan has an interest charge of 1.75% below the Midland Bank rate and is secured by a fixed and floating charge over the assets of the company.

The interest free loans are repayable upon twelve months notice.

The hire purchase liability is secured on the relevant assets.

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 14. Creditors – Analysis of debt maturity

1999

	Bank loans and overdrafts £	Other loans £	Total £
Amounts payable:			
In one year or less or on demand	249,831	138,181	388,012
Between one and two years	-	224,339	224,339
Between two and five years	-	35,520	35,520
In five years or more	-	70,169	70,169
	<u>249,831</u>	<u>468,209</u>	<u>718,040</u>

1998

	Bank loans and overdrafts £	Other loans £	Total £
Amounts payable:			
In one year or less or on demand	255,780	96,800	352,580
Between one and two years	-	238,734	238,734
Between two and five years	-	18,792	18,792
In five years or more	-	59,885	59,885
	<u>255,780</u>	<u>414,211</u>	<u>669,991</u>

1999  
£

1998  
£

### Obligations under finance leases and hire purchase contracts:

Amounts payable:

In one year or less	4,097	-
Between one and two years	8,194	-
Between two and five years	5,468	-
	<u>17,759</u>	<u>-</u>

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 15. Capital commitments and revaluation

The completed St Andrews Stand and Stacey West Stands were revalued by the directors in the year 1990/91 and the completed South Park Stand was revalued by the directors 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 Profit and Loss Account from Revaluation Reserve as shown in Note 17. Had revaluation not taken place, original costs less grants would have been Stands and Buildings £635,976 and Motor Vehicles £36,720. The net book values would have been Stands and Buildings £544,086 and Motor Vehicles £23,048.

No provision is made for any potential taxation liability that might arise if the assets were realised at the revalued amount.

### 16. Share capital

	Authorised		Allotted, issued and fully paid	
	1999	1998	1999	1998
	£	£	£	£
Ordinary shares of 50p each	<u>900,000</u>	<u>900,000</u>	<u>826,854</u>	<u>795,284</u>

During the year 63,140 ordinary shares of 50p each were issued at par for cash consideration.

### 17. Reserves

	Revaluation reserve	Profit and loss account	Total
	£	£	£
At 1 July 1998	1,446,426	(1,285,084)	161,342
Retained loss for the year	-	( 158,863)	( 158,863)
Transfer of amount equivalent to additional depreciation on revalued assets	( 32,798)	32,798	-
Prior year adjustment	-	118,335	118,335
	<u>          </u>	<u>          </u>	<u>          </u>
<b>At 30 June 1999</b>	<u><b>1,413,628</b></u>	<u><b>(1,292,814)</b></u>	<u><b>120,814</b></u>

The revaluation reserve is not available for distribution.

# Lincoln City Football Club Company Limited

## Notes to the Financial Statements For the year ended 30 June 1999

### 18. Reconciliation of movements in shareholders' funds

	1999 £	As Restated 1998 £
Opening shareholders' funds	1,074,961	1,111,473
Retained loss for the year as previously stated	( 158,863)	( 155,097)
New share capital subscribed	31,570	250
Prior year adjustment	-	118,335
	<u>947,668</u>	<u>1,074,961</u>
Closing shareholders' funds		

### 19. Financial commitments

At 30 June 1999 the company was committed to making the following payments under non-cancellable operating leases, in the year to 30 June 2000:

	1999 £	1998 £
Other operating leases which expire		
Within one year	324	-
within two to five years	4,757	4,236
	<u>5,081</u>	<u>4,236</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, the 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 going concern basis has been applied on the basis that the company will continue to receive support of its bankers and other loan creditors.

### 21. Related party transactions

Mr K J Reames, director, is the person who controls the company. In total, Mr Reames has lent the company £173,334 in the form of interest free loans. He has also provided personal guarantees totalling £260,000 with the bank as security for the company's indebtedness.

Mr N Woolsey, director, is also a director of Cathedral Developments Limited. During the year Lincoln City Football Club purchased £44,816 worth of goods and services from this company.

Mr J Hicks, director, has lent the company £20,000 in the form of an interest free loan.

# **Lincoln City Football Club Company Limited**

## **Notes to the Financial Statements**

**For the year ended 30 June 1999**

### **22. Prior year adjustment**

This year's accounts contain a prior year adjustment because of a change in accounting policy. With the introduction of Financial Reporting Standard 10, players are now to be capitalised on the balance sheet, and amortised to the profit and loss account over a period equal to the number of years of their contract. Players are to be capitalised at the basic transfer price. Any additional costs of the purchase, such as appearance fees, are written off to the profit and loss account as before. Similarly, costs relating to the sale of players, such as sell on fees, are also written off to the profit and loss account. This change has had the effect of increasing the loss for the year by £35,000.

Comparative amounts in these accounts have been restated. This has had the effect of reducing the loss for the year from £155,097 to £110,932. It has also increased the balance sheet assets by £74,170 (note 18). The total effect of this change in accounting policy is £118,335 (note 17).