

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2003



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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2003**

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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2003**

DIRECTORS: R Bradley
K Cooke
J Hicks
K Roe
R Trew (Appointed 28.08.03)
S Wright
Lindum Group Limited (Appointed 13.08.02)

SECRETARY: P J Bloomfield (Resigned 24.09.03)
S Galjaard (Appointed 24.09.03)

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 2003

The directors present their report with the financial statements for the year ended 30 June 2003.

PRINCIPAL ACTIVITY

The principal activity of the group 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 group are as shown in the annexed financial statements.

The activities of the Centre of Excellence for the period to 30 June 2003 were transferred to a separate subsidiary undertaking, Lincoln City Football Club Centre of Excellence Limited.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2003.

DIRECTORS

The directors during the year under review were:

R Bradley
K Cooke
J Hicks
K Roe
R Trew (Appointed 28.08.03)
S Wright
Lindum Group Limited (Appointed 13.08.02)

The beneficial interests of the directors holding office on 30 June 2003 in the issued share capital of the company were as follows:

	30.6.03	1.7.02 or date of appointment
Ordinary 50p shares		
R Bradley	6,000	6,000
K Cooke	100	100
J Hicks	153,032	103,032
K Roe	115,110	100,310
R Trew	-	-
S Wright	8,210	10
Lindum Group Limited	118,140	118,140

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 group and company and of the profit or loss of the group 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 group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

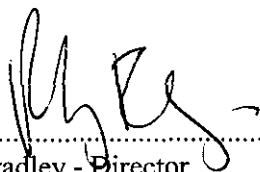
**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2003**

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 read 'R Bradley', is written over a horizontal dotted line.

R Bradley - Director

Date: 17 December 2003

**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 2003 on pages six to twenty one. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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.

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.

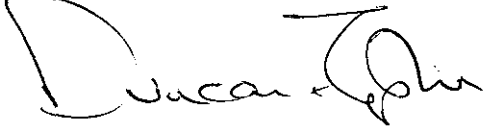
We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 30 June 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Date: 17 December 2003

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2003**

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
TURNOVER	2		2,077,027		1,705,784
Other operating income	3		508,320		570,706
			<u>2,585,347</u>		<u>2,276,490</u>
Staff costs	4	1,423,662		1,727,109	
Depreciation		104,369		107,822	
Other operating charges		<u>814,003</u>		<u>671,948</u>	
			<u>2,342,034</u>		<u>2,506,879</u>
OPERATING PROFIT/(LOSS)	5		243,313		(230,389)
Interest payable and similar charges	6		<u>38,249</u>		<u>81,500</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			205,064		(311,889)
Tax on profit/(loss) on ordinary activities	7		<u>-</u>		<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION			205,064		(311,889)
Deficit brought forward			<u>(2,553,266)</u>		<u>(2,274,085)</u>
			(2,348,202)		(2,585,974)
Transfer of amount equivalent to additional depreciation on revalued assets			32,708		32,708
DEFICIT CARRIED FORWARD			<u>£(2,315,494)</u>		<u>£(2,553,266)</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

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 2003**

GROUP AND COMPANY

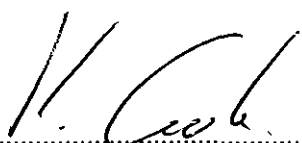
	<u>2003</u>	<u>2002</u>
	£	£
REPORTED PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	205,064	(311,889)
Transfer of amount equivalent to additional depreciation on revalued assets	<u>32,708</u>	<u>32,708</u>
HISTORICAL COST PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>£237,772</u>	<u>£(279,181)</u>
HISTORICAL COST PROFIT/(LOSS) FOR THE YEAR RETAINED AFTER TAXATION	<u>£237,772</u>	<u>£(279,181)</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP BALANCE SHEET
30 JUNE 2003**

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	9		-		4,643
Tangible assets	10		<u>2,323,797</u>		<u>2,410,751</u>
			2,323,797		2,415,394
CURRENT ASSETS:					
Stocks	12	11,697		9,053	
Debtors	13	225,623		89,570	
Cash at bank and in hand		<u>17,578</u>		<u>224,074</u>	
		254,898		322,697	
CREDITORS: Amounts falling due within one year	14	<u>1,621,489</u>		<u>2,030,297</u>	
NET CURRENT LIABILITIES:			<u>(1,366,591)</u>		<u>(1,707,600)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			957,206		707,794
CREDITORS: Amounts falling due after more than one year	15		<u>527,833</u>		<u>738,319</u>
			<u>£429,373</u>		<u>£(30,525)</u>
CAPITAL AND RESERVES:					
Called up share capital	18		1,462,071		1,207,237
Revaluation reserve	19		1,282,796		1,315,504
Profit and loss account			<u>(2,315,494)</u>		<u>(2,553,266)</u>
SHAREHOLDERS' FUNDS:	21		<u>£429,373</u>		<u>£(30,525)</u>

ON BEHALF OF THE BOARD:


.....
K Cooke - Director

Approved by the Board on 17 December 2003

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**COMPANY BALANCE SHEET
30 JUNE 2003**

		<u>2003</u>		<u>2002</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	9		-		4,643
Tangible assets	10		2,323,797		2,410,751
Investments	11		<u>1</u>		<u>-</u>
			2,323,798		2,415,394
CURRENT ASSETS:					
Stocks	12	11,697		9,053	
Debtors	13	179,024		89,570	
Cash at bank and in hand		<u>16,957</u>		<u>224,074</u>	
		207,678		322,697	
CREDITORS: Amounts falling due within one year	14	<u>1,574,270</u>		<u>2,030,297</u>	
NET CURRENT LIABILITIES:			<u>(1,366,592)</u>		<u>(1,707,600)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			957,206		707,794
CREDITORS: Amounts falling due after more than one year	15		<u>527,833</u>		<u>738,319</u>
			<u>£429,373</u>		<u>£(30,525)</u>
CAPITAL AND RESERVES:					
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Revaluation reserve	19		1,282,796		1,315,504
Profit and loss account			<u>(2,315,494)</u>		<u>(2,553,266)</u>
SHAREHOLDERS' FUNDS:	21		<u>£429,373</u>		<u>£(30,525)</u>

ON BEHALF OF THE BOARD:

.....
K Cooke - Director

Approved by the Board on 17 December 2003

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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003**

		2003		2002	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		115,316		154,718
Returns on investments and servicing of finance	2		(38,249)		(81,500)
Capital expenditure	2		<u>(12,772)</u>		<u>(24,986)</u>
			64,295		48,232
Financing	2		<u>84,567</u>		<u>51,531</u>
Increase in cash in the period			<u>£148,862</u>		<u>£99,763</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		148,862		99,763	
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		<u>(49,433)</u>		<u>36,374</u>	
Change in net debt resulting from cash flows			99,429		136,137
Debt exchanged for shares			<u>220,000</u>		<u>-</u>
Movement in net debt in the period			319,429		136,137
Net debt at 1 July			<u>(948,011)</u>		<u>(1,084,148)</u>
Net debt at 30 June			<u>£(628,582)</u>		<u>£(948,011)</u>

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003**

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

	2003 £	2002 £
Operating profit/(loss)	243,313	(230,389)
Depreciation charges	104,369	107,822
(Increase)/Decrease in stocks	(2,644)	15,977
(Increase)/Decrease in debtors	(136,053)	65,625
(Decrease)/Increase in creditors	<u>(93,669)</u>	<u>195,683</u>
Net cash inflow from operating activities	<u>115,316</u>	<u>154,718</u>

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

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest paid	(38,249)	(80,772)
Interest element of hire purchase payments	<u>-</u>	<u>(728)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(38,249)</u>	<u>(81,500)</u>
Capital expenditure		
Purchase of intangible fixed assets	-	(2,500)
Purchase of tangible fixed assets	(13,533)	(22,486)
Sale of tangible fixed assets	<u>761</u>	<u>-</u>
Net cash outflow for capital expenditure	<u>(12,772)</u>	<u>(24,986)</u>
Financing		
Loan increases	56,100	(32,276)
Capital element of HP repayments	(2,733)	(4,098)
Cash receipt re share issue	<u>31,200</u>	<u>87,905</u>
Net cash inflow from financing	<u>84,567</u>	<u>51,531</u>

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2003**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.02 £	Cash flow £	At 30.6.03 £
Net cash:			
Cash at bank and in hand	224,074	(206,496)	17,578
Bank overdraft	<u>(599,162)</u>	<u>355,358</u>	<u>(243,804)</u>
	<u>(375,088)</u>	<u>148,862</u>	<u>(226,226)</u>
Debt:			
Hire purchase	(2,733)	2,733	-
Debts falling due within one year	(232,407)	69,077	(163,330)
Debts falling due after one year	<u>(337,783)</u>	<u>98,757</u>	<u>(239,026)</u>
	<u>(572,923)</u>	<u>170,567</u>	<u>(402,356)</u>
Total	<u>(948,011)</u>	<u>319,429</u>	<u>(628,582)</u>

Analysed in Balance Sheet

Cash at bank and in hand	224,074	17,578
Bank overdraft	(599,162)	(243,804)
Hire purchase		
within one year	(2,733)	-
Directors Loans	(122,000)	(93,000)
Debts falling due within one year	(110,407)	(70,330)
Debts falling due after one year	<u>(337,783)</u>	<u>(239,026)</u>
	<u>(948,011)</u>	<u>(628,582)</u>

4. MAJOR NON-CASH TRANSACTIONS

Debt amounting to £223,634 was exchanged for shares as part of the CVA arrangements.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertaking drawn up to 30 June 2003. Profits or losses on inter-group transactions are eliminated in full.

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.

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.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

1. ACCOUNTING POLICIES CONTINUED

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.

2. TURNOVER

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

3. OTHER OPERATING INCOME

	Group 2003	Group 2002
	£	£
Release of grant	9,404	9,424
Sundry receipts	63,934	66,328
School of excellence	250,100	180,248
Fundraising and donations	<u>184,882</u>	<u>314,706</u>
	<u>508,320</u>	<u>570,706</u>

4. STAFF COSTS

	Group 2003	Group 2002
	£	£
Wages and salaries	1,313,229	1,596,869
Social security costs	93,988	129,796
Other pension costs	<u>16,445</u>	<u>444</u>
	<u>1,423,662</u>	<u>1,727,109</u>

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

	Group 2003	Group 2002
Players	20	21
Support staff	<u>50</u>	<u>61</u>
	<u>70</u>	<u>82</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

5. OPERATING PROFIT/(LOSS)

The operating profit (2002 - operating loss) is stated after charging/(crediting):

	Group 2003 £	Group 2002 £
Hire of plant and machinery	39,218	29,831
Depreciation - owned assets	99,726	99,147
Depreciation - assets on hire purchase contracts	-	2,485
Players written off	4,643	6,190
Auditors' remuneration	4,000	4,000
Legal and professional fees relating to administration	-	83,662
Net transfer fees	<u>-</u>	<u>(41,693)</u>
Directors' emoluments	<u>-</u>	<u>-</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2003 £	Group 2002 £
Bank interest	20,238	30,626
Bank loan interest	11,071	8,983
Other interest	6,940	21,560
Interest on late tax payments	-	19,603
Hire purchase interest	<u>-</u>	<u>728</u>
	<u>38,249</u>	<u>81,500</u>

7. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 30 June 2003 due to the availability of brought forward tax losses (2002 £nil).

	Group 2003 £	Group 2002 £
Profit/(loss) before taxation	<u>205,064</u>	<u>(311,889)</u>
Expected tax charge/credit at 30%	61,519	(93,566)
Losses utilised/carried forward	<u>(61,519)</u>	<u>93,566</u>
Taxation	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

Losses carried forward amounted to £4,166,000 (2002 £4,371,000). No provision has been made for a deferred taxation asset.

8. 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.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

9. INTANGIBLE FIXED ASSETS

	Group & Company Players
	£
COST:	
At 1 July 2002	102,500
Disposals	<u>(102,500)</u>
At 30 June 2003	-
AMORTISATION:	
At 1 July 2002	97,857
Charge for year	4,643
Eliminated on disposals	<u>(102,500)</u>
At 30 June 2003	-
NET BOOK VALUE:	
At 30 June 2003	<u>-</u>
At 30 June 2002	<u>4,643</u>

10. TANGIBLE FIXED ASSETS – GROUP & COMPANY

	Freehold property	All weather pitch	Fixtures, fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
COST OR VALUATION:					
At 1 July 2002	2,533,714	301,009	420,796	45,725	3,301,244
Additions	-	-	12,633	900	13,533
Disposals	<u>-</u>	<u>-</u>	<u>(761)</u>	<u>-</u>	<u>(761)</u>
At 30 June 2003	<u>2,533,714</u>	<u>301,009</u>	<u>432,668</u>	<u>46,625</u>	<u>3,314,016</u>
DEPRECIATION:					
At 1 July 2002	443,682	29,447	384,359	33,005	890,493
Charge for year	<u>50,674</u>	<u>6,020</u>	<u>29,412</u>	<u>13,620</u>	<u>99,726</u>
At 30 June 2003	<u>494,356</u>	<u>35,467</u>	<u>413,771</u>	<u>46,625</u>	<u>990,219</u>
NET BOOK VALUE:					
At 30 June 2003	<u>2,039,358</u>	<u>265,542</u>	<u>18,897</u>	<u>-</u>	<u>2,323,797</u>
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>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

10. TANGIBLE FIXED ASSETS – GROUP & COMPANY CONTINUED

Freehold property is included in the accounts at a valuation and other tangible fixed assets at historical cost. 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. 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 £531,160.

The transitional provisions of FRS 15 are being followed and the valuation has not been updated.

The net book value of tangible fixed assets includes £nil (2002 - £9,939) in respect of assets held under hire purchase contracts.

11. FIXED ASSET INVESTMENTS

	Company £
Additions	<u>1</u>
At 30 June 2003	<u>1</u>

The fixed asset investment comprises a 100% holding of the ordinary share of Lincoln City Football Club Centre of Excellence Limited, a company registered in England & Wales. The principal activity of this company is the development of sporting excellence in the community.

12. STOCKS – GROUP & COMPANY

	2003 £	2002 £
Goods for resale	<u>11,697</u>	<u>9,053</u>

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Trade debtors	173,512	19,375	126,913	19,375
Other debtors	-	5,000	-	5,000
Prepayments and accrued income	52,111	65,195	52,111	65,195
	<u>225,623</u>	<u>89,570</u>	<u>179,024</u>	<u>89,570</u>

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

	Group		Company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdrafts (note 16)	300,054	599,162	300,054	599,162
Brewery loan (note 16)	8,880	8,880	8,880	8,880
Other loans (note 16)	5,200	101,527	5,200	101,527
Hire purchase contracts (note 17)	-	2,733	-	2,733
Trade creditors	105,477	159,597	105,477	159,597
Amount due to subsidiary undertaking	-	-	4,779	-
Directors Loans	93,000	122,000	93,000	122,000
Other taxes and social security costs	110,121	448,671	110,121	448,671
Deferred capital grant	9,410	9,410	9,410	9,410
Accruals and deferred income (note 23)	<u>989,347</u>	<u>578,317</u>	<u>937,349</u>	<u>578,317</u>
	<u>1,621,489</u>	<u>2,030,297</u>	<u>1,574,270</u>	<u>2,030,297</u>

The bank overdraft and loan are secured by a debenture dated 9 April 2001. The bank also holds a first 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.

Directors loans includes £64,917 (2002:£71,579) secured by a subordinated legal charge over the freehold ground and assets of the company. The remaining directors' loans are interest free, with no fixed terms for repayment.

**15. CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR – GROUP & COMPANY**

	2003	2002
	£	£
Bank loans (note 16)	93,750	150,000
Brewery loan (note 16)	98,359	89,761
Directors loans (note 16)	46,917	98,022
Deferred capital grant	288,807	298,217
Accruals and deferred income	<u>-</u>	<u>102,319</u>
	<u>527,833</u>	<u>738,319</u>

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16. LOANS AND OVERDRAFTS – GROUP & COMPANY

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

	2003 £	2002 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>243,804</u>	<u>599,162</u>
Bank loans	56,250	-
Brewery loan	8,880	8,880
Other loans	5,200	101,527
Directors' loans	<u>93,000</u>	<u>122,000</u>
Loans	<u>163,330</u>	<u>232,407</u>
Amounts falling due between one and two years:		
Bank loans	75,000	150,000
Brewery loan	8,880	8,880
Other loans	-	79,020
Directors' loans	<u>24,000</u>	<u>-</u>
	<u>107,880</u>	<u>237,900</u>
Amounts falling due between two and five years:		
Bank loans	18,750	-
Brewery loan	26,640	26,640
Other loans	-	19,002
Directors' loans	<u>22,917</u>	<u>-</u>
	<u>68,307</u>	<u>45,642</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Brewery loan	<u>62,839</u>	<u>54,241</u>

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17. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS - GROUP

	2003 £	2002 £
Gross obligations repayable:		
Within one year	<u>-</u>	<u>3,279</u>
Finance charges repayable:		
Within one year	<u>-</u>	<u>546</u>
Net obligations repayable:		
Within one year	<u>-</u>	<u>2,733</u>

18. CALLED UP SHARE CAPITAL - GROUP

Authorised:				
Number:	Class:	Nominal value:	2003 £	2002 £
6,000,000	Ordinary	50p	<u>3,000,000</u>	<u>3,000,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2003 £	2002 £
2,924,142	Ordinary	50p	1,462,071	1,207,237
(2002 - 2,414,474)			<u>1,462,071</u>	<u>1,207,237</u>

The Company continues to issue shares for cash to supporters on an ongoing basis (62,400 shares). During the year the company also issued shares to certain creditors under the Company Voluntary Arrangement who chose to compromise their debt (447,268 shares).

19. REVALUATION RESERVE - GROUP

	2003 £	2002 £
Brought forward	1,315,504	1,348,212
Transfer of amount equivalent to additional depreciation on revalued assets	<u>(32,708)</u>	<u>(32,708)</u>
	<u>1,282,796</u>	<u>1,315,504</u>

20. RELATED PARTY DISCLOSURES

Loans by directors to the club all of which (except for the Lindum Limited loan) are unsecured with no fixed terms for repayment are summarised below:

- J Hicks £nil (2002: £ 25,000)
- K Roe £25,000 (2002: £25,000)
- R Bradley £50,000 (2002: £nil)
- Gusto Construction Limited a company controlled by S Wright £nil (2002: £72,000).
- Lindum Group Limited £64,917 (2002: £71,579)

The loans from J Hicks and Gusto Construction Limited were converted to shares.

The loan from Lindum Group Limited bears interest at 4% above base and is secured on the freehold land of the company.

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FOR THE YEAR ENDED 30 JUNE 2003**

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group and Company	
	2003	2002
	£	£
Profit/(Loss) for the financial year	205,064	(311,889)
Issue of shares at par	<u>254,834</u>	<u>87,905</u>
Net addition/(reduction) to shareholders' funds	459,898	(223,984)
Opening shareholders' funds	<u>(30,525)</u>	<u>193,459</u>
Closing shareholders' funds	<u>429,373</u>	<u>(30,525)</u>
Equity interests	<u>429,373</u>	<u>(30,525)</u>

A parent company profit and loss account has not been presented as permitted under S230 of the Companies Act 1985. The profit of the company is given above.

22. 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 group 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 group 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 group would have difficulty meeting its obligations. The directors have prepared these financial statements on the going concern basis on the basis that the group will continue to receive the support of its bankers and other loan creditors.

23. 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. The arrangement included the satisfaction of a significant proportion of creditors by way of an issue of shares.

Accruals and deferred income (note 14) includes £384,113 being an estimate of the remaining CVA creditors. It is possible that pending formal completion of the CVA, that certain creditors may request shares in exchange for debt and claims may yet be lodged for the right to shares. Accordingly the company intends to retain this amount as a balance within accruals and deferred income. Following formal completion of the CVA arrangement any remaining balance not exchanged for shares will be released through the profit and loss account.