

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2004



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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

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FOR THE YEAR ENDED 30 JUNE 2004**

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**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2004**

DIRECTORS: R Bradley
K Cooke (Resigned 30.06.04)
J Hicks (Deceased 22.09.04)
K Roe
R Trew (Appointed 28.08.03)
S Wright
Lindum Group Limited
Lincolnshire Co-Operative Limited (Appointed 30.06.04)

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 2004

The directors present their report with the financial statements for the year ended 30 June 2004.

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.

DIVIDENDS

No dividends will be distributed for the year ended 30 June 2004.

DIRECTORS

The directors during the year under review were:

R Bradley
K Cooke (Resigned 30.06.04)
J Hicks (Deceased 22.09.04)
K Roe
R Trew (Appointed 28.08.03)
S Wright
Lindum Group Limited
Lincolnshire Co – Operative Limited (Appointed 30.06.04)

The beneficial interests of the directors holding office on 30 June 2004 in the issued share capital of the company were as follows:

	30.6.04	30.6.03
Ordinary 50p shares		
R Bradley	6,000	6,000
K Cooke	100	100
J Hicks	153,032	153,032
K Roe	152,036	115,110
S Wright	8,210	8,210
Lindum Group Limited	118,140	118,140
Lincolnshire Co-operative Limited	215,101	212,394

Mr S Wright controls Gusto Construction Limited which owned 159,850 shares at 30 June 2004. Mr R Trew controls Castlemaine Accountancy and Taxation Services together with Contracting Solutions (IT) Limited which between them owned 151,287 shares at 30 June 2004.

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.

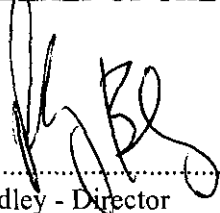
**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30 JUNE 2004**

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', is written over a horizontal dotted line.

R Bradley - Director

Date: 24 November 2004

**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 2004 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.

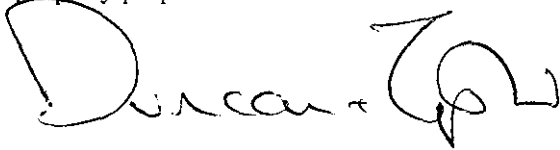
We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

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 2004 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Duncan + Toplis', is written over the printed name.

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

Date: 24 November 2004

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2004**

		<u>2004</u>	<u>2003</u>
	Notes	£	£
TURNOVER	2	2,422,009	2,077,027
Other operating income	3	493,037	508,320
		<u>2,915,046</u>	<u>2,585,347</u>
Staff costs	4	1,433,189	1,423,662
Depreciation and amortisation	5	181,477	104,369
Other operating charges		876,276	814,003
Exceptional item – CVA provision release	5	(334,533)	-
		<u>2,156,409</u>	<u>2,342,034</u>
OPERATING PROFIT	5	758,637	243,313
Interest payable and similar charges	6	22,889	38,249
		<u>735,748</u>	<u>205,064</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		735,748	205,064
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		735,748	205,064
Deficit brought forward		(2,315,494)	(2,553,266)
		(1,579,746)	(2,348,202)
Transfer of amount equivalent to additional depreciation on revalued assets		32,708	32,708
		<u>£(1,547,038)</u>	<u>£(2,315,494)</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 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 2004**

GROUP AND COMPANY

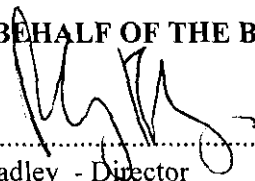
	<u>2004</u>	<u>2003</u>
	£	£
REPORTED PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	735,748	205,064
Transfer of amount equivalent to additional depreciation on revalued assets	<u>32,708</u>	<u>32,708</u>
HISTORICAL COST PROFIT		
ON ORDINARY ACTIVITIES BEFORE TAXATION	£768,456	£237,772
	<u> </u>	<u> </u>
HISTORICAL COST PROFIT		
FOR THE YEAR RETAINED AFTER TAXATION	<u>£768,456</u>	<u>£237,772</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP BALANCE SHEET
30 JUNE 2004**

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		2,183,212		2,323,797
CURRENT ASSETS:					
Stocks	11	24,328		11,697	
Debtors	12	156,590		225,623	
Cash at bank and in hand		<u>308,569</u>		<u>17,578</u>	
		489,487		254,898	
CREDITORS: Amounts falling due within one year	13	<u>918,009</u>		<u>1,621,489</u>	
NET CURRENT LIABILITIES:			<u>(428,522)</u>		<u>(1,366,591)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,754,690		957,206
CREDITORS: Amounts falling due after more than one year	14		434,139		527,833
			<u>£1,320,551</u>		<u>£429,373</u>
CAPITAL AND RESERVES:					
Called up share capital	16		1,617,501		1,462,071
Revaluation reserve	17		1,250,088		1,282,796
Profit and loss account			<u>(1,547,038)</u>		<u>(2,315,494)</u>
SHAREHOLDERS' FUNDS:	19		<u>£1,320,551</u>		<u>£429,373</u>

ON BEHALF OF THE BOARD:


.....
R Bradley - Director

Approved by the Board on 24 November 2004

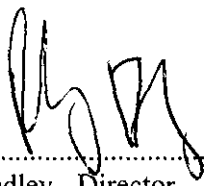
The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**COMPANY BALANCE SHEET
30 JUNE 2004**

		<u>2004</u>		<u>2003</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		2,183,212		2,323,797
Investments	10		<u>1</u>		<u>1</u>
			2,183,213		2,323,798
CURRENT ASSETS:					
Stocks	11	24,328		11,697	
Debtors	12	156,814		179,024	
Cash at bank and in hand		<u>308,344</u>		<u>16,957</u>	
		489,486		207,678	
CREDITORS: Amounts falling due within one year	13	<u>918,009</u>		<u>1,574,270</u>	
NET CURRENT LIABILITIES:			<u>(428,523)</u>		<u>(1,366,592)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			1,754,690		957,206
CREDITORS: Amounts falling due after more than one year	14		<u>434,139</u>		<u>527,833</u>
			<u>£1,320,551</u>		<u>£429,373</u>
CAPITAL AND RESERVES:					
Called up share capital	16		1,617,501		1,462,071
Revaluation reserve	17		1,250,088		1,282,796
Profit and loss account			<u>(1,547,038)</u>		<u>(2,315,494)</u>
SHAREHOLDERS' FUNDS:	19		<u>£1,320,551</u>		<u>£429,373</u>

ON BEHALF OF THE BOARD:



.....
R Bradley - Director

Approved by the Board on 24 November 2004

The notes form part of these financial statements

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004**

	Notes	2004		2003	
		£	£	£	£
Net cash inflow from operating activities	1		618,582		115,316
Returns on investments and servicing of finance	2		(22,889)		(38,249)
Capital expenditure	2		<u>(40,892)</u>		<u>(12,772)</u>
			554,801		64,295
Financing	2		<u>(20,006)</u>		<u>84,567</u>
Increase in cash in the period			<u>£534,795</u>		<u>£148,862</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		534,795		148,862	
Cash (inflow)/outflow from (increase)/decrease in debt financing		<u>19,036</u>		<u>(49,433)</u>	
Change in net debt resulting from cash flows			553,831		99,429
Debt exchanged for shares			<u>78,200</u>		<u>220,000</u>
Movement in net debt in the period			632,031		319,429
Net debt at 1 July			<u>(628,582)</u>		<u>(948,011)</u>
Net debt at 30 June			<u>£3,449</u>		<u>£(628,582)</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 2004**

**1. RECONCILIATION OF OPERATING PROFIT -TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	2004 £	2003 £
Operating profit	758,637	243,313
Depreciation and impairment charges	181,477	104,369
Exceptional item – CVA provision release	(334,533)	-
(Increase)/Decrease in stocks	(12,631)	(2,644)
(Increase)/Decrease in debtors	69,033	(136,053)
(Decrease)/Increase in creditors	<u>(43,401)</u>	<u>(93,669)</u>
Net cash inflow from operating activities	<u>618,582</u>	<u>115,316</u>

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

	2004 £	2003 £
Returns on investments and servicing of finance		
Interest paid	<u>(22,889)</u>	<u>(38,249)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(22,889)</u>	<u>(38,249)</u>
Capital expenditure		
Purchase of intangible fixed assets	(35,575)	-
Purchase of tangible fixed assets	(5,317)	(13,533)
Sale of tangible fixed assets	<u>-</u>	<u>761</u>
Net cash outflow for capital expenditure	<u>(40,892)</u>	<u>(12,772)</u>
Financing		
Loan (decreases)/increases	(97,236)	56,100
Capital element of HP repayments	-	(2,733)
Cash receipt re share issue	<u>77,230</u>	<u>31,200</u>
Net cash inflow from financing	<u>(20,006)</u>	<u>84,567</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2004**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.7.03 £	Cash flow £	At 30.6.04 £
Net cash:			
Cash at bank and in hand	17,578	290,991	308,569
Bank overdraft	<u>(243,804)</u>	<u>243,804</u>	<u>-</u>
	<u>(226,226)</u>	<u>534,795</u>	<u>308,569</u>
Debt:			
Debts falling due within one year	(163,330)	2,950	(150,380)
Debts falling due after one year	<u>(239,026)</u>	<u>84,286</u>	<u>(154,740)</u>
	<u>(402,356)</u>	<u>97,236</u>	<u>(305,120)</u>
Total	<u>(628,582)</u>	<u>632,031</u>	<u>3,449</u>

Analysed in Balance Sheet

Cash at bank and in hand	17,578	308,569
Bank overdraft	(243,804)	-
Directors Loans	(139,917)	(86,631)
Other debts falling due within one year	(70,330)	(88,880)
Other debts falling due after one year	<u>(192,109)</u>	<u>(129,609)</u>
	<u>(628,582)</u>	<u>3,449</u>

4. MAJOR NON-CASH TRANSACTIONS

Debt amounting to £78,200 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 2004**

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 preparation

The financial statements, which disclose net current liabilities at both 30 June 2003 and 30 June 2004, continue to be prepared on the going concern basis as the group has adequate finance facilities in place.

Basis of consolidation

The group financial statements consolidate those of the company and of its subsidiary undertaking drawn up to 30 June 2004. 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 - structure	- 2% on cost
All weather pitch - surface	- 20% on cost
Fixtures, fittings and equipment	- 10% on cost
Motor vehicles	- 20% on reducing balance

The life of the all weather pitch has been reviewed. Formerly the entire asset was assigned a life of 50 years. The surface of the all weather pitch has a shorter life of approximately 5 years. This component is now being depreciated over 5 years and the impact of this revision, over the remaining useful economic life of the surface component of the asset, has increased the depreciation charge for the year by £78,000.

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.

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

1. ACCOUNTING POLICIES CONTINUED

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 are subject to an initial review and capitalised at their recoverable amount. Capitalised amounts are amortised to the profit and loss account over the period of the player's contract, and carrying amounts are periodically reassessed against the recoverable amount.

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 2004 £	Group 2003 £
Release of grant	9,404	9,404
Sundry receipts	45,460	63,934
School of excellence	292,774	250,100
Fundraising and donations	<u>145,399</u>	<u>184,882</u>
	<u>493,037</u>	<u>508,320</u>

4. STAFF COSTS

	Group 2004 £	Group 2003 £
Wages and salaries	1,309,995	1,313,229
Social security costs	111,654	93,988
Other pension costs	<u>11,540</u>	<u>16,445</u>
	<u>1,433,189</u>	<u>1,423,662</u>

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

	Group 2004	Group 2003
Players	25	20
Support staff	<u>64</u>	<u>69</u>
	<u>89</u>	<u>89</u>

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

5. OPERATING PROFIT

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

	Group 2004 £	Group 2003 £
Hire of plant and machinery	12,449	39,218
Depreciation	145,902	99,726
Players amortisation	35,575	4,643
Transfer fees received	(75,000)	-
Auditors' remuneration	4,850	5,700
	<u> </u>	<u> </u>
Directors' emoluments	<u> </u>	<u> </u>

The audit fees for the company is £4,350 (2003: £5,700).

Player transfer fees paid during the year, amounting to £35,575 were fully amortised.

Following conclusion of the Company Voluntary Arrangement (CVA) on 5 May 2004 the remaining CVA creditors were released to the profit and loss account as an exceptional item amounting to £334,533 and disclosed as a credit to other operating charges.

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group 2004 £	Group 2003 £
Bank interest and charges	18,258	31,309
Other interest	<u>4,631</u>	<u>6,940</u>
	<u>22,889</u>	<u>38,249</u>

7. TAXATION

Analysis of the tax charge

No liability to UK Corporation tax arose on ordinary activities for the year ended 30 June 2004 due to the availability of brought forward tax losses (2003 £nil).

Factors that may affect future tax charges

Losses carried forward amounted to £3,255,997 (2003 £4,066,716). 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 2004**

9. TANGIBLE FIXED ASSETS – GROUP & COMPANY

	Freehold property	All weather pitch	Fixtures, fittings and equipment	Motor vehicles	Totals
	£	£	£	£	£
COST OR VALUATION:					
At 1 July 2003	2,533,714	301,009	432,668	46,625	3,314,016
Additions	-	-	5,317	-	5,317
Disposals	-	-	-	-	-
At 30 June 2004	<u>2,533,714</u>	<u>301,009</u>	<u>437,985</u>	<u>46,625</u>	<u>3,319,333</u>
DEPRECIATION:					
At 1 July 2003	494,356	35,467	413,771	46,625	990,219
Charge for year	<u>50,674</u>	<u>84,020</u>	<u>11,208</u>	<u>-</u>	<u>145,902</u>
At 30 June 2004	<u>545,030</u>	<u>119,487</u>	<u>424,979</u>	<u>46,625</u>	<u>1,136,121</u>
NET BOOK VALUE:					
At 30 June 2004	<u>1,988,684</u>	<u>181,522</u>	<u>13,006</u>	<u>-</u>	<u>2,183,212</u>
At 30 June 2003	<u>2,039,358</u>	<u>265,542</u>	<u>18,897</u>	<u>-</u>	<u>2,323,797</u>

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 £513,194.

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

**LINCOLN CITY FOOTBALL CLUB COMPANY
LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

10. FIXED ASSET INVESTMENTS

Company
£

At 30 June 2004 and 30 June 2003

1

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.

11. STOCKS – GROUP & COMPANY

	2004	2003
	£	£
Goods for resale	<u>24,328</u>	<u>11,697</u>

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

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	151,918	173,512	151,918	126,913
Amounts due from Subsidiary undertaking	-	-	224	-
Prepayments and accrued income	4,672	52,111	4,672	52,111
	<u>156,590</u>	<u>225,623</u>	<u>156,814</u>	<u>179,024</u>

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

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts (note 15)	75,000	300,054	75,000	300,054
Brewery loan (note 15)	8,880	8,880	8,880	8,880
Other loans (note 15)	5,000	5,200	5,000	5,200
Trade creditors	28,281	105,477	28,281	105,477
Amount due to subsidiary undertaking	-	-	-	4,779
Directors Loans (note 15)	61,500	93,000	61,500	93,000
Other taxes and social security costs	131,241	110,121	131,241	110,121
Deferred capital grant	9,410	9,410	9,410	9,410
Accruals and deferred income	<u>598,697</u>	<u>989,347</u>	<u>598,697</u>	<u>937,349</u>
	<u>918,009</u>	<u>1,621,489</u>	<u>918,009</u>	<u>1,574,270</u>

The bank loan is 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 £49,131 (2003:£64,917) 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.

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

	2004	2003
	£	£
Bank loans (note 15)	31,250	93,750
Brewery loan (note 15)	98,359	98,359
Directors loans (note 15)	25,131	46,917
Deferred capital grant	<u>279,399</u>	<u>288,807</u>
	<u>434,139</u>	<u>527,833</u>

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15. LOANS AND OVERDRAFTS – GROUP & COMPANY

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

	2004 £	2003 £
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>-</u>	<u>243,804</u>
Bank loans	75,000	56,250
Brewery loan	8,880	8,880
Other loans	5,000	5,200
Directors' loans	<u>61,500</u>	<u>93,000</u>
Loans	<u>150,380</u>	<u>163,330</u>
Amounts falling due between one and two years:		
Bank loans	31,250	75,000
Brewery loan	8,880	8,880
Directors' loans	<u>24,000</u>	<u>24,000</u>
	<u>64,130</u>	<u>107,880</u>
Amounts falling due between two and five years:		
Bank loans	-	18,750
Brewery loan	26,640	26,640
Directors' loans	<u>1,131</u>	<u>22,917</u>
	<u>27,771</u>	<u>68,307</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Brewery loan	<u>62,839</u>	<u>62,839</u>

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16. CALLED UP SHARE CAPITAL - GROUP

Authorised:

Number:	Class:	Nominal value:	2004 £	2003 £
6,000,000	Ordinary	50p	<u>3,000,000</u>	<u>3,000,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2004 £	2003 £
3,235,002 (2003 - 2,924,142)	Ordinary	50p	<u>1,617,501</u>	<u>1,462,071</u>

The Company continues to issue shares for cash to supporters on an ongoing basis 2004:154,460 (2003:62,400 shares). During the year the company also issued shares to certain creditors under the Company Voluntary Arrangement who chose to compromise their debt 2004:156,400 (2003:447,268 shares). The Company Voluntary Arrangement was formally concluded on 5 May 2004.

17. REVALUATION RESERVE - GROUP

	2004 £	2003 £
Brought forward	1,282,796	1,315,504
Transfer of amount equivalent to additional depreciation on revalued assets	<u>(32,708)</u>	<u>(32,708)</u>
	<u>1,250,088</u>	<u>1,282,796</u>

18. 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:

- K Roe £12,500 (2003: £25,000)
- R Bradley £25,000 (2003: £50,000)
- Lindum Group Limited £49,131 (2003: £64,917)

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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19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group and Company	
	2004	2003
	£	£
Profit for the financial year	735,748	205,064
Issue of shares at par	<u>155,430</u>	<u>254,834</u>
Net addition to shareholders' funds	891,178	459,898
Opening shareholders' funds	<u>429,373</u>	<u>(30,525)</u>
Closing shareholders' funds	<u>1,320,551</u>	<u>429,373</u>
Equity interests	<u>1,320,551</u>	<u>429,373</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.

20. 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.

The Company Voluntary Arrangement (CVA) was formally concluded on 5 May 2004 and the remaining balance of CVA creditors at this date amounting to £334,533 have been released through the profit and loss account as an exceptional item.