

Lincoln City Football Club Company Limited

COMPANY NUMBER 00045611

**Annual Report
1995/96**



Lincoln City Football Club Company Limited

Annual Report 1995/96

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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
J Hicks
N Woolsey

Secretary : H Sills

Registered Office : Sincil Bank
Lincoln

Auditors : Neville Russell
Chartered Accountants
Aquis House
Clasketgate
Lincoln
LN2 1JN

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 1996.

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 1996 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 1995 to the date of this report, unless otherwise stated. The interests of the directors holding office on 30 June 1996 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 1996	1 July 1995
	Beneficial interests	Beneficial interests
K J Reames	815,821	500,000
G R Davey (resigned September 1996)	145,332	145,332
H Sills	163,032	163,032
J Hicks	103,032	103,032
N Woolsey	50,000	30,000
C J Thomas (resigned December 1995)	-	15,000
P Jackson (appointed April 1996)	50,000	-

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

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

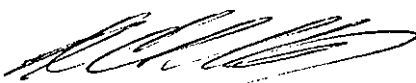
Auditors

Street & Co resigned as auditors during the year.

Neville Russell, who were appointed by the directors during the year, have signified their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the forthcoming Annual General Meeting.

Advantage has been taken in the preparation of the Directors' Report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Approved by the board on 24 October 1996
and signed on its behalf by


H Sills, Secretary

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

We have audited the financial statements on pages 5 to 16 which have been prepared following the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As set out 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.

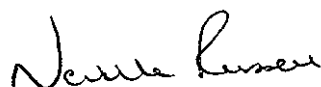
Basis of opinion

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.

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Neville Russell

**Chartered Accountants
and Registered Auditors**

Aquis House
Clasketgate
Lincoln
LN2 1JN

Dated : 26 October 1996

Lincoln City Football Club Company Limited

Profit and Loss Account

For the year ended 30 June 1996

	Notes	£	1996 £	£	1995 £
Turnover	2		677,381		700,454
Other operating income	4		328,543		294,175
			<hr/>		<hr/>
			1,005,924		994,629
Staff costs	6		(993,203)		(877,672)
			<hr/>		<hr/>
			12,721		116,957
Depreciation and amounts written off fixed assets		82,787		81,367	
Other operating charges		412,644		367,543	
		<hr/>		<hr/>	
			(495,431)		(448,910)
			<hr/>		<hr/>
Operating loss			(482,710)		(331,953)
Other interest receivable and similar income			29		26
Interest payable and similar charges	5		(23,971)		(40,741)
Net transfer fees receivable/(payable)			606,142		(91,477)
			<hr/>		<hr/>
Profit/(loss) on ordinary activities before taxation	3		99,490		(464,145)
Taxation	8		-		-
			<hr/>		<hr/>
Retained profit/(loss) for the financial year			99,490		(464,145)
			<hr/>		<hr/>

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

The notes on pages 9 to 16 form part of these financial statements.

Lincoln City Football Club Company Limited

**Statement of Total Recognised Gains and Losses
For the year ended 30 June 1996**

	1996	1995
	£	£
Profit/(loss) for the year	99,490	(464,145)
Unrealised surplus on revaluation of properties	-	719,821
Total recognised gains and losses relating to the year	99,490	255,676

The notes on pages 9 to 16 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 1996**

	1996 £	1995 £
Reported profit/(loss) on ordinary activities before taxation	99,490	(464,145)
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amounts	33,272	33,467
Historical cost profit/(loss) on ordinary activities before taxation	132,762	(430,678)
Historical cost profit/(loss) for the year	132,762	(430,678)

The notes on pages 9 to 16 form part of these financial statements.

Lincoln City Football Club Company Limited

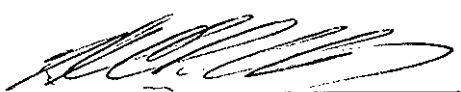
Balance Sheet as at 30 June 1996

	Notes	1996 £	1995 £
Fixed assets			
Tangible assets	9	2,216,226	2,249,308
Current assets			
Stocks	10	20,987	28,189
Debtors	11	218,856	35,928
Cash at bank and in hand		7,010	172,930
		<u>246,853</u>	<u>237,047</u>
Creditors : amounts falling due within one year	12	(904,294)	(1,019,472)
Net current liabilities		<u>(657,441)</u>	<u>(782,425)</u>
Total assets less current liabilities		<u>1,558,785</u>	<u>1,466,883</u>
Creditors : amounts falling due after more than one year	13	(189,401)	(240,565)
		<u>1,369,384</u>	<u>1,226,318</u>
Capital and reserves			
Called up share capital	15	782,979	739,403
Revaluation reserve	16	1,512,575	1,545,847
Profit and loss account	16	(926,170)	(1,058,932)
Shareholders' funds	17	<u>1,369,384</u>	<u>1,226,318</u>

Advantage is taken of the exemptions conferred by Parts I and II of Schedule 8 to the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions having met the qualifications for a small company specified in sections 246 and 247 of the Companies Act 1985.

Approved by the board on 24 October 1996
and signed on its behalf by


K J Reames, Director


H Sills, Director

The notes on pages 9 to 16 form part of these financial statements.

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards. The company is exempt from the requirement to publish a cash flow statement under the Financial Reporting Standard No. 1.

(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, and advertising and sponsorship income, excluding value added tax.

(c) Other operating income

Other operating income represents fund raising and donations, and 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
Fixtures, fittings and equipment	- 10% p.a. straight line
Motor vehicles	- 20% p.a. reducing balance

(e) Stocks

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

(f) Deferred taxation

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

(g) 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 1996

1. Accounting policies

(g) Leases (continued)

Operating leases

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

(h) Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

(i) Players

The assets of the Football Club do not include the value of the registration and transfer fees in respect of the playing staff as at 30 June 1996.

2. Segmental information

The turnover, profit 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 UK and the whole of the turnover is to the UK market.

3. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging:

	1996 £	1995 £
Staff costs (note 6)	993,203	877,672
Depreciation of owned tangible fixed assets	82,555	79,878
Depreciation of assets held under hire purchase contracts	232	1,469
Hire of plant and machinery - operating leases	2,693	2,722
Auditors remuneration - audit fee	5,000	6,000
- fees for non-audit services	-	2,262

4. Other operating income

	1996 £	1995 £
Bar and catering receipts	151,330	97,926
Fund raising and donations	146,115	165,378
Sundry receipts	20,704	15,528
Other income	10,394	15,343
	<u>328,543</u>	<u>294,175</u>

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

5. Interest payable and similar charges

	1996 £	1995 £
Bank loans and overdrafts wholly repayable within 5 years	13,865	33,389
Other loans	9,608	7,102
Finance charges - hire purchase contracts	498	250
	<u>23,971</u>	<u>40,741</u>

6. Staff costs

	1996 £	1995 £
Wages and salaries	908,604	794,949
Social security costs	80,150	72,922
Pension contributions	4,449	9,801
	<u>993,203</u>	<u>877,672</u>

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

	1996 Number	1995 Number
Social and catering	9	14
Players	24	24
Office and ground staff	8	11
Team management and coaching	8	3
	<u>49</u>	<u>52</u>

7. Directors

	1996 £	1995 £
Emoluments		
Management services	37,387	36,583

8. Taxation

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

Losses carried forward amounted to £2,544,036 (1995 £2,673,126).

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

9. Tangible fixed assets

	Leasehold Stands & Buildings £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 1995	2,119,299	344,338	27,639	2,491,276
Additions	33,177	19,528	-	52,705
Disposals	-	(3,000)	-	(3,000)
	<u>2,152,476</u>	<u>360,866</u>	<u>27,639</u>	<u>2,540,981</u>
At 30 June 1996	2,152,476	360,866	27,639	2,540,981
Depreciation				
At 1 July 1995	122,779	109,741	9,448	241,968
Charge for the year	43,051	36,096	3,640	82,787
	<u>165,830</u>	<u>145,837</u>	<u>13,088</u>	<u>324,755</u>
At 30 June 1996	165,830	145,837	13,088	324,755
Net book values				
At 30 June 1996	1,986,646	215,029	14,551	2,216,226
At 30 June 1995	1,996,520	234,597	18,191	2,249,308

Included in the net book values above are the following amounts in respect of assets held under hire purchase contracts:

At 30 June 1996	-	1,857	-	1,857
At 30 June 1995	-	2,089	4,926	7,015

See note 14 for details of revaluation.

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

10. Stocks

	1996 £	1995 £
Goods for resale	<u>20,987</u>	<u>28,189</u>

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

11. Debtors

	1996 £	1995 £
Due within one year		
Trade debtors	178,663	5,011
Other debtors	27,771	18,076
Prepayments and accrued income	12,422	12,841
	<u>218,856</u>	<u>35,928</u>

12. Creditors : amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	243,075	403,083
Obligations under hire purchase contracts	680	2,662
Trade creditors	162,735	99,909
Interest free loans	211,421 ^	221,851
Interest bearing loans	50,000	70,000
Other loan	12,028	14,000
Other taxation and social security costs	20,632	29,724
Accruals and deferred income	203,723	178,243
	<u>904,294</u>	<u>1,019,472</u>

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

The hire purchase liability is secured on the relevant asset.

The interest bearing loans carry interest at 7% p.a. and are repayable within 3 months.

The interest free loans are repayable upon twelve months notice.

The other loan has an interest charge of 5% p.a and is secured by a legal charge over the leasehold premises.

13. Creditors : amounts falling due after one more than one year

	1996 £	1995 £
Obligations under hire purchase contracts	603	1,158
Football Trust loan	96,653	136,649
Other loan	92,145	102,758
	<u>189,401</u>	<u>240,565</u>

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

13. Creditors : amounts falling due after one more than one year (continued)

Included above are the following:-

	1996 £	1995 £
Amounts repayable by instalments		
Not wholly repayable within five years:		
Repayable within five years		
Other loan	54,433	51,841
Repayable after five years		
Other loan	37,712	50,917
	<hr/>	<hr/>
	92,145	102,758
	<hr/>	<hr/>
Wholly repayable within five years:		
Obligations under hire purchase contracts	603	1,158
Football Trust loan	96,653	136,649
	<hr/>	<hr/>
	97,256	137,807
	<hr/>	<hr/>
	189,401	240,565
	<hr/>	<hr/>

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

The other loan has an interest charge of 5% p.a. and is secured by a legal charge over the leasehold premises.

14. Capital commitments and revaluation

The completed St Andrews Stand and Stacey West Stands were revalued by the directors in the years 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 16. Had revaluation not taken place, original costs less grants would have been Stands and Buildings £534,978 and Motor Vehicles £18,639. The net book values would have been Stands and Buildings £477,757 and Motor Vehicles £10,865.

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

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

15. Share capital

	Authorised		Allotted, issued and fully paid	
	1996 £	1995 £	1996 £	1995 £
Ordinary shares of 50p each	900,000	900,000	782,979	739,403

During the year 87,152 ordinary shares of 50p each were issued to provide additional working capital.

16. Reserves

	Revaluation reserve £	Profit and loss account £	Total £
At 1 July 1995	1,545,847	(1,058,932)	486,915
Retained profit for the year	-	99,490	99,490
Transfer of amount equivalent to additional depreciation on revalued assets	(33,272)	33,272	-
At 30 June 1996	1,512,575	(926,170)	586,405

The revaluation reserve is not available for distribution.

17. Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	1,226,318	731,239
Retained profit/(loss) for the year	99,490	(464,145)
New share capital subscribed	43,576	239,403
Revaluation of tangible fixed assets	-	719,821
Closing shareholders' funds	1,369,384	1,226,318

18. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents amounts payable by the company to the fund and amounted to £4,449 (1995 £9,801).

Lincoln City Football Club Company Limited

Notes to the Financial Statements For the year ended 30 June 1996

19. Other financial commitments

At 30 June 1996 the company was committed to making the following payments under non-cancellable operating leases, in the year to 30 June 1997:

	1996 £	1995 £
Operating leases which expire:		
Within one year	-	111
Within two to five years	675	359
After five years	-	315
	<hr/>	<hr/>
	675	785
	<hr/>	<hr/>

20. Contingent liabilities

At 30 June 1996 the company was involved in an action brought against it by one of its former directors. The terms of the director's contract stated that in the event of his resignation as a director the company would repurchase his shares. However, the company has refused to do so. Legal opinion obtained by the directors supports their view that the action for breach of contract is unlikely to be successful, because the company has no distributable profits out of which to meet any such obligation. The directors do not feel that it is necessary to make any provision in the financial statements in respect of this matter.

21. Going concern

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 in meeting its obligations.

The financial statements have been prepared on a going concern basis as the directors believe that sufficient support will be available from the various sources for the company to continue to fund its activities.