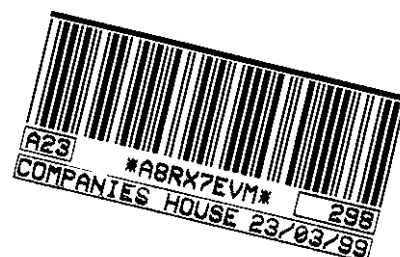


48409

**THE BLACKPOOL FOOTBALL CLUB LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1998**

**A I Cherry**  
**Chartered Accountants**  
**and Registered Auditors**  
**Moor Park House**  
**71 Garstang Road**  
**Preston**  
**PR1 1LB**





THE BLACKPOOL FOOTBALL CLUB LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 1998

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**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**DIRECTORS AND ADVISERS**

**Directors**

V Oyston, Chairman  
 O J Oyston  
 G Bridge, Managing Director  
 K Chadwick, Deputy Chairman  
 J Wilde, MBE (died 12 October 1997)  
 G Warburton  
 D Hatton  
 A R Oakley (resigned 17 April 1998)  
 M Joyce  
 C B Muir, OBE

**Secretary**

C Banks

**Registered Office**

Blackpool Football Club  
 Bloomfield Road  
 Blackpool  
 FY1 6JJ

**Registered Number**

48409

**Auditors**

A I Cherry  
 Chartered Accountants  
 and Registered Auditors  
 Moor Park House  
 71 Garstang Road  
 Preston  
 PR1 1LB

**Bankers**

National Westminster Bank plc  
 Lytham Road  
 South Shore  
 Blackpool  
 FY4 1DY

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

YEAR ENDED 31 MAY 1998

**Review of Business**

The Company's principal activity is that of a professional football club which has continued throughout the year.

**Future Developments in the Business**

The directors will continue to take whatever steps are necessary to continue the development of the business.

**Results and Dividends**

The trading loss for the year after taxation amounted to £262,295 (1997: £719,775). The directors do not recommend the payment of a dividend. At the balance sheet date the company had net liabilities of £4,097,133.

**Fixed Assets**

Changes in the fixed assets of the Company are detailed in note 9 to the accounts.

**Holding Company**

The Company is a subsidiary of The Blackpool Football Club (Properties) Limited, a company incorporated in England and Wales, which held 95.3% (1997: 95.3%) of the issued share capital of the Company at 31 May 1998.

**Directors and their Interests**

None of the directors held any shares in The Blackpool Football Club Limited.

The directors who served throughout the year and their interests in the holding company were as follows:

	Ordinary Shares of £1 each
	1998
	£
O J Oyston	1328225
V Oyston	1980
J Wilde MBE (died 12 October 1997)	525
G Warburton	25
D Hatton	20
Mrs G Bridge	25
A R Oakley (resigned 17 April 1998)	56
M Joyce	3
K Chadwick	217
C B Muir OBE	-

The total issued share capital of the holding company at the year end was £1,374,114.



THE BLACKPOOL FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 MAY 1998

**Charitable Donations**

Payments of a charitable nature made during the year amounted to £300 (1997: £1,120).

**Auditors**

Messrs A I Cherry, Chartered Accountants have expressed their willingness to continue in office as auditors and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the members at the Annual General Meeting.

By Order of the Board

C Banks  
Company Secretary

3 February 1999

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 MAY 1998

We are required under company law 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

By order of the board



V Oyston

Chairman

3 February 1999

THE BLACKPOOL FOOTBALL CLUB LIMITED

AUDITORS' REPORT TO THE MEMBERS OF

THE BLACKPOOL FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 6 to 20 which have been prepared under the accounting policies set out on page 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 4, 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.

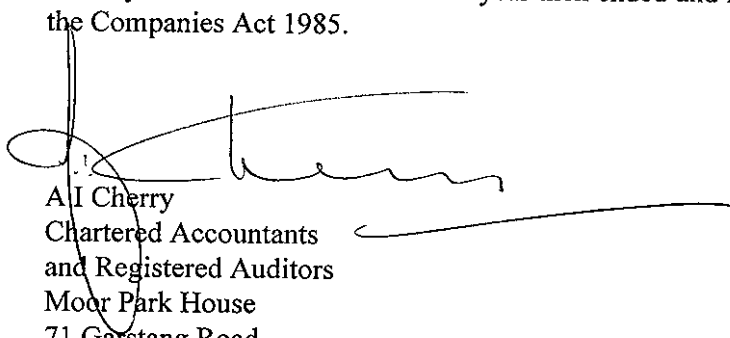
**Basis of opinion**

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 error or other irregularity. 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 31 May 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A.I. Cherry  
Chartered Accountants  
and Registered Auditors  
Moor Park House  
71 Garstang Road  
Preston PR1 1LB

24 February 1999

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1998

	Notes	1998 £	1997 £
<b>TURNOVER</b>			
Cost of sales	2	2666362 (211532)	2390833 (193514)
<b>GROSS PROFIT</b>			
Administrative expenses		2454830 (3086183)	2197319 (2747609)
Other operating income/(expenses)	3	372765	(162865)
<b>OPERATING (LOSS)</b>	4	(258588)	(713155)
Interest receivable and similar income	6	-	-
Interest payable and similar charges	7	(3707)	(6620)
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(262295)	(719775)
Taxation on profit on ordinary activities	8	-	-
<b>(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(262295)	(719775)
Dividends		-	-
<b>RETAINED (LOSS) FOR THE YEAR</b>		(262295)	(719775)
Loss brought forward		(3934847)	(3215072)
Loss carried forward		(4197142)	(3934847)

The notes on pages 9 to 20 form part of these accounts.

There are no recognised gains and losses in 1998 or 1997 other than the loss for the year.

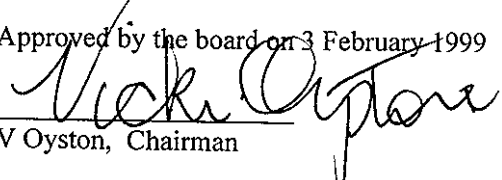


**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**BALANCE SHEET AS AT 31 MAY 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	9	74075	88843
<b>CURRENT ASSETS</b>			
Stocks	10	68296	35331
Debtors	11	1483327	926849
Cash at bank and in hand		1252	2080
		<hr/>	<hr/>
		1552875	964260
<b>CREDITORS:</b>			
Amounts falling due within one year	12	(5561613)	(4719812)
		<hr/>	<hr/>
<b>NET CURRENT LIABILITIES</b>		(4008738)	(3755552)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<hr/> (3934663)	<hr/> (3666709)
<b>CREDITORS:</b>			
Amounts falling due after more than one year	13	(162470)	(168129)
		<hr/>	<hr/>
<b>NET LIABILITIES</b>		(4097133)	(3834838)
<b>CAPITAL AND RESERVES</b>		<hr/>	<hr/>
Called up share capital	14	30000	30000
Share premium account	15	67674	67674
Other reserves	15	2335	2335
Profit and loss account		(4197142)	(3934847)
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		(4097133)	(3834838)

Approved by the board on 3 February 1999

  
V Oyston, Chairman

The notes on pages 9 to 20 form part of these accounts.

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MAY 1998**

	Note	1998 £	1997 £
<b>Net cash inflow from operating activities</b>	21a	45755	73269
<b>Returns on investments and servicing of finance</b>	21b	(3707)	(6620)
<b>Taxation</b>		-	-
<b>Capital expenditure</b>	21c	(20118)	(13555)
		<hr/>	<hr/>
		21930	53094
<b>Management of liquid resources</b>		-	-
<b>Financing</b>		-	-
		<hr/>	<hr/>
<b>Increase in cash</b>	21d	21930	53094
		<hr/>	<hr/>

See note 21 for the notes to this statement.

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS

## 1 ACCOUNTING POLICIES

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules. Profits or losses arising on the disposal of items stated at valuation are determined by reference to the difference between the valuation and the sale proceeds.

The accounts are also prepared on the going concern basis as the parent company has confirmed that it will make available sufficient financial resources to support the ongoing activities of the company.

**Depreciation**

Depreciation is calculated to write off the cost or valuation of all fixed assets over their estimated useful lives as follows:-

- a) Plant and equipment - 10% on cost
- b) Motor vehicles - 25% on cost
- c) Computer Equipment - 33% on cost

**Stocks**

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

**Transfer Fees**

Transfer fees are included in the profit and loss account at the full amount receivable or payable.

**Repairs and Renewals**

Repairs and renewals are written off in the year in which the expenditure was incurred.

**Leases and Hire Purchase Contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Grants Receivable**

Football Association and Football Trust Grants are recognised in the profit and loss account so as to match them with the expenditure towards which they are intended to contribute. To the extent that grants are made as a contribution towards fixed asset expenditure the grants are recognised over the expected useful economic life of the related assets.

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**1 ACCOUNTING POLICIES (continued)**

**Deferred Taxation**

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions**

**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**2 TURNOVER**

Turnover represents goods sold and services provided stated net of value added tax, excluding transfer fees and is generated wholly within the United Kingdom.

**3 OTHER OPERATING INCOME/(EXPENSES)**

Other operating income represents the net surplus or deficit of transfer fees receivable and payable in respect of transactions entered into during the year.

	1998 £	1997 £
Transfer fees receivable	870000	650000
Transfer fees payable	(497235)	(812865)
	<hr/>	<hr/>
Net surplus/(deficit)	372765	(162865)
	<hr/>	<hr/>

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**4 OPERATING LOSS**

Operating loss is stated after  
(charging) or crediting:-

	1998 £	1997 £
Auditors remuneration	(5650)	(5400)
Depreciation - owned assets	(28461)	(20035)
Depreciation - leased assets	(6425)	(6426)
Operating leases - plant and machinery	(17503)	(17703)
Operating leases - land and building	(9128)	(8400)
Donations from Development Association	672714	539150
Grants receivable	69444	28611
	<hr/>	<hr/>

**5 DIRECTORS AND EMPLOYEES**

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

	1998 Number	1997 Number
Office and management	10	8
Footballers, apprentices and coaches	56	53
Sales and maintenance	53	47
	<hr/>	<hr/>
	119	108
	<hr/>	<hr/>

Included in the above total are 38 part time employees (1997: 37)

Staff costs including directors emoluments:

	1998 £	1997 £
Wages, salaries etc.	1933162	1829169
Social Security costs	158075	157934
Pension costs	4107	7828
	<hr/>	<hr/>
	2095344	1994931
	<hr/>	<hr/>

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**5 DIRECTORS AND EMPLOYEES (continued)**

	1998	1997
	£	£

**Directors' Emoluments:**

Remuneration	122196	130539
Pensions	-	-

	122196	130539
--	--------	--------

**Analysed as follows:**

Services as a director	-	-
Otherwise in connection with management	122196	130539

--	--	--

**Emoluments excluding pension scheme contributions:-**

	1998	1997
	£	£

Chairman	-	-
Highest paid director	39339	35461

--	--	--

The following table shows the number of directors of the company whose remuneration, excluding pension contributions, was within the bands stated:

	Number	Number
£0	7	7
£0 - £5,000	-	-
£5,001 - £10,000	-	-
£10,001 - £15,000	1	2
£20,001 - £25,000	-	-
£25,001 - £30,000	-	-
£30,001 - £35,000	1	2
£35,001 - £40,000	2	1

--	--	--

**Pension Costs**

The company operated a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £4,107 (1997: £7,821).

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**6 INCOME FROM INVESTMENTS**

	1998 £	1997 £
Interest Received	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

**7 INTEREST PAYABLE AND SIMILAR CHARGES**

	1998 £	1997 £
Bank interest	1344	1694
Hire purchase interest	1089	2312
Other interest paid	1274	2614
	<hr/>	<hr/>
	3707	6620
	<hr/>	<hr/>

**8 TAXATION**

Corporation tax has not been provided (1997: £nil) due to the losses incurred during previous years. At the year end the directors estimate that corporation tax losses in excess of £7,000,000 were available for offset against future profits.

Deferred taxation has not been provided because, in the opinion of the directors, any timing differences arising between the book value of fixed assets and their written down value will be covered by trading losses of the group.

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS

## 9 TANGIBLE FIXED ASSETS

	Computer Equipment £	Plant and Equipment £	Motor Vehicles £	Total £
<b>Cost</b>				
At 1 June 1997	64161	155027	19503	238691
Additions	7197	12921	-	20118
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1998	71358	167948	19503	258809
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 June 1997	21113	114920	13815	149848
Charge for year	22457	7554	4875	34886
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 May 1998	43570	122474	18690	184734
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 May 1998	27788	45474	813	74075
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 June 1997	43048	40107	5688	88843
	<hr/>	<hr/>	<hr/>	<hr/>

The net book amount of fixed assets includes £3,263 (1997: £9,688) in respect of assets held under finance leases and hire purchase contracts. Depreciation of £6,425 (1997: £6,426) was charged on these assets during the year.



**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**10 STOCKS**

	1998 £	1997 £
Finished goods and goods for resale	68296	35331
	<hr/>	<hr/>
	68296	35331
	<hr/>	<hr/>

**11 DEBTORS**

	1998 £	1997 £
Trade debtors	454745	104430
Amounts owed by group undertakings	964669	747970
Other debtors	23860	30966
Prepayments and accrued income	40053	43483
	<hr/>	<hr/>
	1483327	926849
	<hr/>	<hr/>

The amounts owed by group undertakings include £18,649 owed by George Turner (Blackpool) Limited (1997: £19,903) and £946,020 owed by The Blackpool Football Club (Properties) Limited (1997: £728,067)

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

	1998 £	1997 £
Unsecured loans	3834028	3414276
Bank overdraft	11228	33986
Obligations under hire purchase contracts	4438	3216
Trade creditors	1162364	860673
Other creditors including taxes and social security	326696	199218
Accruals and deferred income	222859	208443
	<hr/>	<hr/>
	5561613	4719812
	<hr/>	<hr/>

## THE BLACKPOOL FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS

## 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Unsecured loans includes the following amounts owed to Mr O J Oyston, a director and majority shareholder of the company, and to companies owned or controlled by him:

	1998 £	1997 £
Mr O J Oyston	1301558	681095
Zabaxe Limited	2504347	2682681

All loans are free of interest, unsecured and repayable on demand.

## 13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Secured Loan - Blackpool Borough Council	160000	160000
Obligations under hire purchase contracts	2470	8129
	<hr/>	<hr/>
	162470	168129
	<hr/>	<hr/>

The loan from Blackpool Borough Council is for a period of 10 years, repayable 2 July 1999. It is secured by way of a legal charge over the group's freehold and leasehold properties, book and other debts and by way of a floating charge over the assets and undertakings of the group. Interest is chargeable at 3% above base rate on the outstanding amount except for the first £80,000 which is interest free. No interest is charged by Blackpool Borough Council where the group's bank balance and cash are less than £80,000.

THE BLACKPOOL FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR  
(continued)

Obligations under Hire Purchase Contracts

	Hire Purchase Contracts	
	1998	1997
	£	£
Year ending 31 May 1999	5527	5527
and after that date but less than 5 years	2560	8086
	<hr/>	<hr/>
	8087	13613
Less: Finance charges allocated to future periods	(1179)	(2268)
	<hr/>	<hr/>
	6908	11345
	<hr/>	<hr/>
Hire Purchase Contracts shown as		
Current Obligations	4438	3216
Non-current Obligations	2470	8129
	<hr/>	<hr/>
	6908	11345
	<hr/>	<hr/>

14 SHARE CAPITAL

	Authorised		Allotted Called Up and Fully Paid	
	1998	1997	1998	1997
	£	£	£	£
Ordinary shares of £1 each	30000	30000	30000	30000
	<hr/>	<hr/>	<hr/>	<hr/>

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO ACCOUNTS**

**15 RECONCILIATION OF MOVEMENTS IN OTHER CAPITAL RESERVES**

	Share Premium Account £	Capital Reserve £
Opening Balance	67674	2335
Movement in year	-	-
	<hr/>	<hr/>
Closing balance	67674	2335
	<hr/>	<hr/>

**16 CAPITAL COMMITMENTS**

There were no capital commitments at 31 May 1998 for which provision has not been made in these accounts.

**17 CONTINGENT LIABILITIES**

A former director of the company has initiated legal action claiming that the company owes him commission on sale of certain players leaving Blackpool Football Club. Claims relating to players falling within the Year Ended 31 May 1998 amount to £112,500. The directors have received legal advice that the claim has no possibility of success and will strenuously defend the claim. The financial statements do not include any provisions relating to this claim.

The company has commitments under operating leases as set out below:

	1998 £	1997 £
Operating leases which expire within one year	-	15779
In the 2nd to 5th years inclusive	17503	13069
	<hr/>	<hr/>
	17503	28848
	<hr/>	<hr/>

The company has provided an unlimited cross guarantee, dated 23 September 1986 in favour of The Blackpool Football Club (Properties) Limited to the company's bankers.

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**

	1998 £	1997 £
(Loss)/Profit for the financial year	(262295)	(719775)
Net (subtraction from)/addition to shareholders funds	(262295)	(719775)
Opening shareholders funds	(3834838)	(3115063)
Closing shareholders funds	(4097133)	(3834838)

**19. HOLDING COMPANY**

The Company is a subsidiary of The Blackpool Football Club (Properties) Limited, a company incorporated in England and Wales, which held 95.3% (1997: 95.3%) of the issued share capital of the Company at 31 May 1998.

**20. RELATED PARTY DISCLOSURES**

Included in the profit and loss account is a management charge of £36,000 (1997: £36,000) from Zabaxe Limited, a company in which the director, Mr O J Oyston, is also a director and majority shareholder.

Rent of £8,400 was paid to Mr O J Oyston for the use of premises owned by Mr Oyston.

**21 NOTES TO THE CASH FLOW STATEMENT**

**a) Reconciliation of operating profit to net cash inflow from operating activities**

	1998 £	1997 £
Operating loss	(258588)	(713155)
Depreciation charges	34886	26461
(Profit) on disposal of fixed assets	-	(3789)
Decrease/(Increase) in stocks	(32965)	12181
Decrease/(Increase) in debtors	(556478)	(469149)
Increase/(Decrease) in creditors	858900	1220720
Net cash inflow from operating activities	45755	73269

**THE BLACKPOOL FOOTBALL CLUB LIMITED**

**NOTES TO THE ACCOUNTS**

**21 NOTES TO THE CASH FLOW STATEMENT**

**b) Returns on investments and servicing of finance**

	1998 £	1997 £
Interest received	-	-
Interest paid	(3707)	(6620)
	<hr/>	<hr/>
	(3707)	(6620)
	<hr/>	<hr/>

**c) Capital Expenditure**

	1998 £	1997 £
Payments to acquire tangible fixed assets	(20118)	(20112)
Receipts from sales of tangible fixed assets	-	6557
	<hr/>	<hr/>
	(20118)	(13555)
	<hr/>	<hr/>

**d) Analysis of Changes in Net Debt**

	At 1 June 1997 £	Cash Flows £	At 31 May 1998 £
Cash in hand, at bank	2080	(828)	1252
Overdrafts	(33986)	22758	(11228)
	<hr/>	<hr/>	<hr/>
Total	(31906)	21930	(9976)
	<hr/>	<hr/>	<hr/>

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