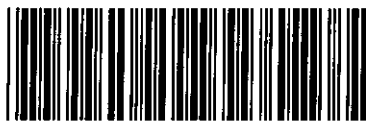


The Blackpool Football Club Limited
Directors' report and financial statements
for the year ended 31 May 2006

SATURDAY



ALU9MO4C

A06

24/03/2007

638

COMPANIES HOUSE



The Blackpool Football Club Limited

Company information

Directors	Mr K S Oyston Mr O J Oyston Mrs V Oyston Mr P Whitehead Mr G Steele	Wife of Mr O J Oyston Resigned 28 Nov 2005 Appointed 31 July 2005
Secretary	Mr Roderick Dyer	
Company number	48409	
Registered office	Bloomfield Road Blackpool FY1 6JJ	
Auditors	A I Cherry Limited Chartered Accountants and Registered Auditors 26 Winckley Square Preston PR1 3JJ	
Business address	Bloomfield Road Blackpool FY1 6JJ	
Bankers	National Westminster Bank plc Lytham Road South Shore Blackpool FY4 1DY	
Bankers	HSBC Bank Plc Oxford Square Blackpool FY4 4YH	

The Blackpool Football Club Limited

Contents

	Page
Directors' report	1 - 3
Auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 - 18

The Blackpool Football Club Limited

**Directors' report
for the year ended 31 May 2006**

The directors present their report and the financial statements for the year ended 31 May 2006.

Principal activity and review of the business

The principal activity of the company is that of a professional football club, which has continued throughout the year.

Results and dividends

The results for the year are set out on page 6.

The directors do not recommend payment of a final dividend.

As shown in the financial statements the company made a loss of £407,024 (2005: £237,026).

Fair Review

A poor year for the football side of the business culminating in the first team finishing 19th in league one, average league gates dropped from 6031 to 5851. The first team lost in the second rounds of the Carling Cup and the football league trophy to Leicester (2-1) and to Carlisle (2-1) and lost in the first round of the FA Cup 4-1 at Doncaster. This led to loss in revenues from gate receipts against the previous year of £181,601. Season ticket revenues were also down by £88,243. The football related losses were £684,000, these were offset by profits from catering, Gold Bond and serviced accommodation income to give the loss detailed on page 6 of the accounts.

The principle risks to the business remain poor results on the football field, relegation to League 2, poor cup runs and drop in league attendance.

Future developments

Post year end the company received significant financial investment by increasing the share capital of the company from 30,000 to 37,500 £1.00 ordinary shares. The directors consider that the business will have sufficient financial resources to meet its liabilities as they fall due because of the additional shares of 7,500 £1.00 ordinary being issued and allotted.

VB Football Assets Limited acquired a 20% shareholding of "The Blackpool Football Club Limited" post year end. VB Football Assets Limited purchased the 7,500 of the additional shares issued and allotted for £1,800,000.

The following were appointed as directors of The Blackpool Football Club Limited post year end,

Valerie Belokon
Normunds Malnacs

The Blackpool Football Club Limited

Directors' report for the year ended 31 May 2006

Directors and their interests

The directors who served during the year and their interest in the parent company, The Blackpool Football Club (Properties) Limited are as stated below:

		Class of share	31/05/06	01/06/05
Mr K S Oyston		Ordinary shares	25	25
Mr O J Oyston		Ordinary shares	1,604,694	1,604,694
Mrs V Oyston	Wife of Mr O J Oyston	Ordinary shares	1,955	1,955
Mr P Whitehead	Resigned 28 Nov 2005	Ordinary shares	-	-
Mr G Steele	Appointed 31 July 2005	Ordinary shares	-	-

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

Zabaxe Limited, a company owned and controlled by Mr O J Oyston, holds 62,976 ordinary shares of £1 each in the parent company

During the year the company contributed £500 to charities

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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.

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice.

In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

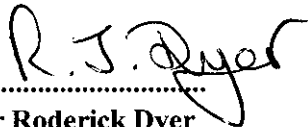
The Blackpool Football Club Limited

**Directors' report
for the year ended 31 May 2006**

Auditors

In accordance with Article 392 of the Companies Act 1985, a resolution proposing that A I Cherry Limited be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 5th Jan 2007 and signed on its behalf by



.....
Mr Roderick Dyer
Secretary

The Blackpool Football Club Limited

Independent auditors' report to the shareholders of The Blackpool Football Club Limited

We have audited the financial statements of The Blackpool Football Club Limited for the year ended 31 May 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the historical cost convention 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 in the statement of directors' responsibilities the company's directors are responsible for the preparation of the 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 directors' report 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 directors' report 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.

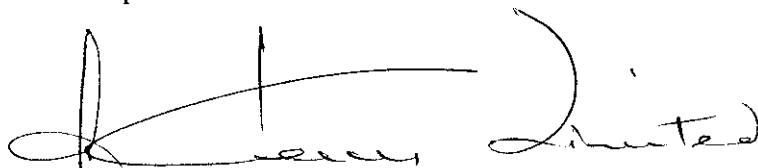
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

The Blackpool Football Club Limited

Independent auditors' report to the shareholders of The Blackpool Football Club Limited continued

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 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'A I Cherry Limited', is written over the printed name of the firm.

A I Cherry Limited
Chartered Accountants and
Registered Auditors
26 Winckley Square
Preston
PR1 3JJ

Date: 14/3/07

The Blackpool Football Club Limited

**Profit and loss account
for the year ended 31 May 2006**

Continuing operations			
		2006	2005
	Notes	£	£
Turnover	2	3,925,011	3,897,249
Cost of sales		(791,460)	(769,729)
Gross profit		3,133,551	3,127,520
Administrative expenses		(3,520,339)	(3,416,369)
Operating loss before players' transfer fees	3	(386,788)	(288,849)
Players transfer fees	6	13,057	55,283
Profit/(loss) on ordinary activities before interest		(399,845)	(233,566)
Other interest receivable and similar income	4	261	1,628
Interest payable and similar charges	5	(7,440)	(5,088)
Loss for the year		(407,024)	(237,026)
Accumulated loss brought forward		(4,848,944)	(4,611,918)
Accumulated loss carried forward		(5,255,968)	(4,848,944)

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 9 to 18 form an integral part of these financial statements.

The Blackpool Football Club Limited

**Balance sheet
as at 31 May 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	8		12,125		60,625
Tangible assets	9		44,229		44,319
			<u>56,354</u>		<u>104,944</u>
Current Assets					
Stocks	10	61,868		62,811	
Debtors	11	403,417		484,656	
Cash at bank and in hand		2,679		13,854	
		<u>467,964</u>		<u>561,321</u>	
Creditors: amounts falling due within one year	12	(2,172,803)		(5,415,200)	
Net Current liabilities			<u>(1,704,839)</u>		<u>(4,853,879)</u>
Total Assets Less Current Liabilities			<u>(1,648,485)</u>		<u>(4,748,935)</u>
Creditors: amounts falling due after more than one year	13		3,507,474		-
Capital and Reserves					
Called up share capital	14		30,000		30,000
Share premium account	15		67,674		67,674
Other reserves	15		2,335		2,335
Profit and loss account	15		(5,255,969)		(4,848,945)
Equity shareholders' funds	16		<u>(5,155,960)</u>		<u>(4,748,936)</u>
			<u>(1,648,486)</u>		<u>(4,748,936)</u>

The financial statements were approved by the Board on 05/01/07 and signed on its behalf by


Mr K S Oyston
Director

The notes on pages 9 to 18 form an integral part of these financial statements.

The Blackpool Football Club Limited

**Cash flow statement
for the year ended 31 May 2006**

	Notes	2006 £	2005 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss /(profit)		(399,845)	(233,566)
Amortisation of player's transfer fees		48,500	38,459
Depreciation of tangible fixed assets		20,085	25,252
Decrease / decrease in stocks		943	(9,056)
(Increase) / decrease in debtors		81,239	(90,834)
Increase / (Decrease) in creditors		134,389	89,144
Net cash inflow / (outflow) from operating activities		<u>(114,689)</u>	<u>(180,601)</u>
Cash flow statement			
Net cash inflow / (outflow) from operating activities		(114,689)	(180,601)
Returns on investments and servicing of finance	21	(7,179)	(3,460)
Capital expenditure	21	(19,995)	(107,205)
		<u>(141,863)</u>	<u>(291,266)</u>
Financing	21		(40,000)
Increase / (Decrease) in cash in the year		<u>(141,863)</u>	<u>(331,266)</u>
Reconciliation of net cash flow to movement in net funds (Note 22)			
Increase/(Decrease) in cash in the year		(141,863)	(331,266)
Cash inflow from decrease in debts and lease financing			40,000
Change in net funds resulting from cash flows		(141,863)	(291,266)
New finance leases and hire purchase contracts		(12,167)	-
Movement in net funds in the year		(154,030)	(291,266)
Net funds at 1 June 2005		(208,168)	83,098
Net funds at 31 May 2006		<u>(362,198)</u>	<u>(208,168)</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax and transfer fees, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Computer equipment	-	33 1/3% Straight Line on cost
Plant, machinery and catering equipment	-	10% Straight Line on cost
Motor Vehicles	-	30%

1.4. Stock

Stock is valued at the lower of cost and net realisable value.

1.5. Deferred taxation

Provision is made for deferred taxation using the full provision method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that there are sufficient taxable losses to cover potential taxable profits.

1.6. Going concern

The accounts are 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. Post year end, the company received significant financial investment by increasing the share capital of the company. The investment ensures that the company will have sufficient working capital to meet its liabilities as they fall due in the next twelve months.

1.7. Players' contracts

Transfer fees in respect of players' contracts are capitalised at cost and amortised over the period of the contracts.

1.8. 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.

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK. The amount of barter transactions for advertising, in turnover, is £3,420 (2005: £1,500).

3. Operating loss

2006 2005
£ £

Operating loss is stated after charging:

Depreciation and other amounts written off intangible assets	58,500	38,458
Depreciation and other amounts written off tangible assets	20,085	25,252
Operating lease rentals		
- Plant and machinery	4,504	7,110
Auditors' remuneration	8,150	7,750
Auditors' remuneration from non-audit work	4,326	3,383
and after crediting:		
Donations from Development Association	304,300	394,220
Grants receivable	131,862	129,375
	<u> </u>	<u> </u>

4. Interest receivable and similar income

2006 2005
£ £

Bank interest	261	1,628
	<u> </u>	<u> </u>

5. Interest payable and similar charges

2006 2005
£ £

On bank loans and overdrafts	7,440	5,088
	<u> </u>	<u> </u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

6. Players' transfer fees

The (credit)/charge for players' transfer fees comprises	2006	2005
	£	£
Amortisation of transfer fees	58,500	38,458
Additional transfer fees received	(50,105)	(100,800)
Transfer fee levy	4,662	7,059
	<u>13,057</u>	<u>(55,283)</u>

7. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were:	2006	2005
Footballers, coaches and managers	47	47
Administrative staff	26	26
Catering staff	32	26
	<u>105</u>	<u>99</u>

Employment costs	2006	2005
	£	£
Wages and salaries	2,232,762	2,146,711
Social security costs	211,885	212,487
Other pension costs	8,062	8,988
	<u>2,452,709</u>	<u>2,368,186</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

8. Intangible fixed assets

	Players' Contracts £	Total £
Cost		
At 1 June 2005	159,000	159,000
Additions	10,000	10,000
Disposals	(10,000)	(10,000)
At 31 May 2006	<u>159,000</u>	<u>159,000</u>
Provision for diminution in value		
At 1 June 2005	98,375	98,375
On disposals	(10,000)	(10,000)
Charge for year	58,500	58,500
At 31 May 2006	<u>146,875</u>	<u>146,875</u>
Net book values		
At 31 May 2006	<u>12,125</u>	<u>12,125</u>
At 31 May 2005	<u>60,625</u>	<u>60,625</u>

9. Tangible fixed assets

	Computer equipment £	Catering equipment plant and machinery £	Motor Vehicles £	Total £
Cost				
At 1 June 2005	99,792	194,647	-	294,439
Additions	-	-	19,995	19,995
At 31 May 2006	<u>99,792</u>	<u>194,647</u>	<u>19,995</u>	<u>314,434</u>
Depreciation				
At 1 June 2005	99,792	150,328	-	250,120
Charge for the year	-	13,975	6,110	20,085
At 31 May 2006	<u>99,792</u>	<u>164,303</u>	<u>6,110</u>	<u>270,205</u>
Net book values				
At 31 May 2006	<u>-</u>	<u>30,344</u>	<u>13,885</u>	<u>44,229</u>
At 31 May 2005	<u>-</u>	<u>44,319</u>	<u>-</u>	<u>44,319</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2006		2005	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor Vehicles	13,885	6,110	-	-
	<u>13,885</u>	<u>6,110</u>	<u>-</u>	<u>-</u>
10. Stocks			2006 £	2005 £
Catering and bar stocks			17,018	19,850
Souvenir shop stock			44,850	42,961
			<u>61,868</u>	<u>62,811</u>
11. Debtors			2006 £	2005 £
Trade debtors			359,098	244,276
Other debtors			4,110	2,542
Prepayments and accrued income			40,209	237,838
			<u>403,417</u>	<u>484,656</u>

Included in other debtors is £3,518 (2005: £2,457) owed by the director Mr K Oyston. The maximum balance owed by Mr Oyston during the year was £3,518. The loan is interest free and repayable on demand.

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

12. Creditors: amounts falling due within one year	2006 £	2005 £
Bank overdraft	352,709	222,021
Net obligations under finance leases and hire purchase contracts	6,578	-
Trade creditors	400,569	298,403
Amounts owed to group undertaking	422,839	3,784,890
Other taxes and social security costs	248,308	270,065
Directors' accounts and unsecured loans	150,000	400,137
Other creditors	108,983	8,317
Accruals and deferred income	482,817	431,367
	<u>2,172,803</u>	<u>5,415,200</u>

The amount owed to group undertaking represents the amount due to the parent, The Blackpool Football Club Properties Limited. The maximum balance outstanding during the year was £3,784,890

Directors' accounts and unsecured loans includes £150,000 (2005:£400,137) owed to the director, Mr O J Oyston. The maximum balance owed to Mr Oyston was £610,275. During the year a loan in the amount of £210,000 was taken from the director Mr O J Oyston, £60,000 was repaid during the year ended 31 May 2006. The company was charged interest of £138.90 on the loan of £60,000 repaid to Mr O J Oyston.

The unsecured loans are interest free and repayable on demand.

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

13. Creditors: amounts falling due after more than one year	2006 £	2005 £
Amounts owed to group undertakings	3,101,749	-
Directors accounts and unsecured loans	400,136	-
Net obligations under finance leases and hire purchase contracts	5,589	-
	<u>3,507,474</u>	<u>-</u>

Repayable in five years or more:

<u>-</u>	<u>-</u>
----------	----------

Directors accounts and unsecured loans includes £340,136 (2005: nil) owed to the director, Mr O J Oyston.

14. Share capital	2006 £	2005 £
Authorised equity		
30,000 Ordinary shares of £1 each	<u>30,000</u>	<u>30,000</u>
Allotted, called up and fully paid equity		
30,000 Ordinary shares of 1 each	<u>30,000</u>	<u>30,000</u>

The company issued and allotted 7,500 additional £1.00 ordinary shares post year end. The total share capital of the company increased from 30,000 1 ordinary shares to 37,500 £1.00 ordinary shares post year end

15. Equity Reserves	Share premium account £	Profit and loss account £	Capital redemption reserve £	Total £
At 1 June 2005	67,674	(4,848,944)	2,335	(4,778,935)
Loss for the year	-	(407,024)	-	(407,024)
At 31 May 2006	<u>67,674</u>	<u>(5,255,968)</u>	<u>2,335</u>	<u>(5,185,959)</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

16. Reconciliation of movements in shareholders' funds	2006	2005
	£	£
Profit/(loss) for the year	(407,024)	(237,026)
Opening shareholders' funds	(4,748,935)	(4,511,909)
Closing shareholders' funds	<u>(5,155,959)</u>	<u>(4,748,935)</u>

17. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount owing	Maximum
	2006	in year
	£	£
Mr K S Oyston	<u>3,519</u>	<u>3,519</u>

18. Commitments under operating leases and guarantees.

At 31 May 2006 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2006	2005
	£	£
Expiry date:		
Within one year	2,968	8,196
Between one and five years	1,484	-
	<u>4,452</u>	<u>8,196</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

19. Related party transactions	2006	2005
	£	£

The following income was charged by the company to the following related parties:

Natfarm Limited	-	5,531
Denwis Limited	8,236	19,763
Ridings Publishing Company Limited	2,592	140

During the year the company was charged £180.59 by Denwis Limited, a company owned and controlled by the director Mr O J Oyston.

From April 2002 Denwis Limited occupied an office in the football stadium for a fee of £8,400 per annum.

The following amounts are included in trade debtors (note 11):

Denwis Limited	2,793	9,870
Natfarm Limited	2,484	710

The following amounts are included in trade creditors (note 12):

Denwis Limited	80	972
Natfarm Limited	-	710

The director, Mr O J Oyston is a director and majority shareholder of Natfarm Limited and Denwis Limited. Mr O J Oyston is also a majority shareholder of Ridings Publishing Company Limited.

20. Ultimate parent undertaking

The company is a subsidiary of The Blackpool Football Club (Properties) Limited, a company incorporated in England & Wales, which held 95.3% (2005: 95.3%) of the issued share capital of the Company at 31 May 2006. The Blackpool Football Club (Properties) Limited is controlled by the director, Mr O J Oyston.

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2006**

..... continued

21. Gross cash flows

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	261	1,628
Interest paid	(7,440)	(5,088)
	<u>(7,179)</u>	<u>(3,460)</u>
Capital expenditure		
Payments to acquire intangible assets	(10,000)	(97,000)
Payments to acquire tangible assets	(19,995)	(10,205)
	<u>(29,995)</u>	<u>(107,205)</u>
Financing		
Repayment of other long term loans		(40,000)
		<u>(40,000)</u>

22. Analysis of changes in net funds

	Opening balance £	Cash flows £	Other changes £	Closing balance £
Cash at bank and in hand	13,854	(11,175)		2,679
Overdrafts	(222,021)	(130,689)		(352,710)
	<u>(208,167)</u>	<u>(141,864)</u>		<u>(350,031)</u>
Finance leases and hire purchase contracts	-	-	(12,167)	(12,167)
Net (debt) / funds	<u>(208,167)</u>	<u>(141,864)</u>	<u>(12,167)</u>	<u>(362,198)</u>

Transfer fees paid are included under capital expenditure in the cashflow statement and transfer fees received are included in operating profit.