

The Blackpool Football Club Limited
Directors' report and financial statements
for the year ended 31 May 2007

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The Blackpool Football Club Limited

Company information

Directors	Mr K S Oyston	
	Mr O J Oyston	
	Mrs V Oyston	Wife of Mr O J Oyston
	Mr G Steele	
	Mr V Belokon	Appointed 19 June 2006
	Mr N Malnacs	Appointed 28 July 2006
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

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The Blackpool Football Club Limited

Directors' report for the year ended 31 May 2007

The directors present their report and the financial statements for the year ended 31 May 2007

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 £466,211 (2006 £407,024)

Fair Review

Last season saw us finish in third place in League one and gain promotion to the championship via the play offs. Promotion was achieved after a fantastic run of ten straight wins culminating in a 2-0 victory at the new Wembley Stadium in the League One play off final against Yeovil.

In the FA Cup we progressed to the fourth round where we lost in a replay after extra time to Norwich City, in the Carling Cup and the Johnstone Paints Trophy we lost in the early rounds to Barnsley and Accrington both after penalty shoot outs.

With such a great end to the season and the FA Cup run meant there were significant increases in revenue from gate receipts on the previous year of £813,817. This increase was offset by increased expenditure on players and coaching staff wages and bonuses. This gave football related losses of £872,666 which were offset by profits from Gold Bond, the conference and catering business and serviced accommodation income to give the result on page 6.

Two new directors joined the club at the start of the season and both Valery Belokon and Normunds Malnacs have made major contributions to the running of the club.

Prospects for the club are good with increases in turnover expected during the 2007/2008 season from participation in the Championship.

The principle risks to the business remain poor results on the football field, relegation back to League 1, poor cup runs and drops in league attendances.

The Blackpool Football Club Limited

Directors' report for the year ended 31 May 2007

Directors and their interests

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

Class of share		31/05/07	01/06/06
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 G Steele	Ordinary shares	-	-
Mr V Belokon	Appointed 19 June 2006 Ordinary shares	-	-
Mr N Malnacs	Appointed 28 July 2006 Ordinary shares	-	-

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

V B Football Assets Limited, a company owned and controlled by the director Mr V Belokon, holds 7,500 ordinary shares of £1 each 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

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



The Blackpool Football Club Limited

**Directors' report
for the year ended 31 May 2007**

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

Auditors

In accordance with Section 385 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 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'R. J. Dyer'.

Mr Roderick Dyer
Secretary

8th March 2008



The Blackpool Football Club Limited

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

We have audited the financial statements of The Blackpool Football Club Limited for the year ended 31 May 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

The Blackpool Football Club Limited

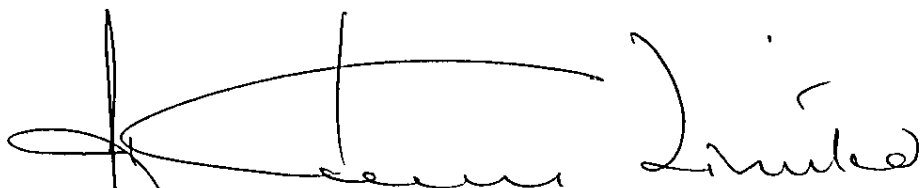
Independent auditors' report to the of The Blackpool Football Club Limited continued

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, in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 May 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements



A I Cherry Limited
Chartered Accountants and
Registered Auditors

Date: 28th March 2008

26 Winckley Square
Preston
PR1 3JJ

The Blackpool Football Club Limited

**Profit and loss account
for the year ended 31 May 2007**

Continuing operations			
		2007	2006
	Notes	£	£
Turnover	2	4,833,459	3,925,011
Cost of sales		(915,434)	(791,460)
Gross profit		3,918,025	3,133,551
Administrative expenses		(4,563,684)	(3,520,339)
Operating loss before players' transfer fees	3	(645,659)	(386,788)
Players transfer fees	6	155,667	(13,057)
Profit/(loss) on ordinary activities before interest		(489,992)	(399,845)
Other interest receivable and similar income	4	34,009	261
Interest payable and similar charges	5	(10,228)	(7,440)
Retained Loss for the year	15	(466,211)	(407,024)
		<u> </u>	<u> </u>

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 2007**

	Notes	2007		2006	
		£	£	£	£
Fixed Assets					
Intangible assets	8		137,643		12,125
Tangible assets	9		56,072		44,229
			<u>193,715</u>		<u>56,354</u>
Current Assets					
Stocks	10	42,930		61,868	
Debtors	11	926,456		403,417	
Cash at bank and in hand		1,746,385		2,679	
		<u>2,715,771</u>		<u>467,964</u>	
Creditors: amounts falling due within one year	12	<u>(2,890,441)</u>		<u>(2,172,803)</u>	
Net Current liabilities			<u>(174,670)</u>		<u>(1,704,839)</u>
Total Assets Less Current Liabilities			<u>19,045</u>		<u>(1,648,485)</u>
Creditors: amounts falling due after more than one year	13		3,841,215		(3,507,474)
Capital and Reserves					
Called up share capital	14		37,500		30,000
Share premium account	15		1,860,174		67,674
Other reserves	15		2,335		2,335
Profit and loss account	15		<u>(5,722,179)</u>		<u>(5,255,968)</u>
Equity shareholders' funds	16		<u>(3,822,170)</u>		<u>(5,155,959)</u>
			<u>19,045</u>		<u>(1,648,485)</u>

The financial statements were approved by the Board on 08/03/08 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 2007**

	Notes	2007 £	2006 £
Reconciliation of operating loss to net cash outflow from operating activities			
Operating loss /(profit)		(489,992)	(399,845)
Amortisation of player's transfer fees		(77,517)	48,500
Depreciation of tangible fixed assets		16,952	20,085
Decrease / decrease in stocks		18,938	943
(Increase) / decrease in debtors		(523,039)	81,239
Increase / (Decrease) in creditors		1,404,088	134,389
Net cash inflow / (outflow) from operating activities		<u>349,430</u>	<u>(114,689)</u>
Cash flow statement			
Net cash inflow / (outflow) from operating activities		349,430	(114,689)
Returns on investments and servicing of finance	21	23,781	(7,179)
Capital expenditure	21	(255,791)	(19,995)
Acquisitions and disposals	21	178,995	-
		<u>296,415</u>	<u>(141,863)</u>
Financing	21	1,800,000	-
Increase / (Decrease) in cash in the year		<u>2,096,415</u>	<u>(141,863)</u>
Reconciliation of net cash flow to movement in net funds (Note 22)			
Increase/(Decrease) in cash in the year		2,096,415	(141,863)
Cash inflow from decrease in debts and lease financing		-	-
New finance leases and hire purchase contracts		(12,644)	(12,167)
Movement in net funds in the year		2,083,771	(154,030)
Net debt at 1 June 2006		<u>(362,198)</u>	<u>(208,168)</u>
Net funds at 31 May 2007		<u>1,721,573</u>	<u>(362,198)</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

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. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Stock

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

1.6. 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

1.7. Going concern

The accounts are prepared on the going concern basis as the parent company has confirmed that it will make available all sufficient financial resources to support the ongoing activities of the company. The company received significant financial investment by increasing the share capital of the company in the year on issuing shares to an investor. In the opinion of the directors the investment ensures that the company will have sufficient working capital to meet its liabilities as they fall due within the next twelve months

1.8. Players' contracts

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

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

1.9. 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

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 £16,908 (2006 £3,420)

3. Operating loss

	2007	2006
	£	£
Operating loss is stated after charging		
Depreciation and other amounts written off intangible assets	81,483	58,500
Depreciation and other amounts written off tangible assets	24,173	20,085
Loss on disposal of tangible fixed assets	1,775	-
Operating lease rentals		
- Plant and machinery	6,995	4,504
Auditors' remuneration	8,150	8,150
Auditors' remuneration from non-audit work and after crediting	1,764	4,326
Donations from Development Association	259,400	304,300
Grants receivable	<u>130,000</u>	<u>131,862</u>

4. Interest receivable and similar income

	2007	2006
	£	£
Bank interest	<u>34,009</u>	<u>261</u>

5. Interest payable and similar charges

	2007	2006
	£	£
On bank loans and overdrafts	8,145	7,440
Hire purchase interest	2,083	-
	<u>10,228</u>	<u>7,440</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

6. Players' transfer fees

The (credit)/charge for players' transfer fees comprises	2007	2006
	£	£
Amortisation of transfer fees	81,483	58,500
Additional transfer fees received	(250,000)	(50,105)
Transfer fee levy	12,850	4,662
	<u>(155,667)</u>	<u>13,057</u>

7. Employees

Number of employees

The average monthly numbers of employees (including the directors) during the year were	2007	2006
Footballers, coaches and managers	45	47
Administrative staff	23	26
Catering staff	36	32
	<u>104</u>	<u>105</u>

Employment costs	2007	2006
	£	£
Wages and salaries	3,181,170	2,232,762
Social security costs	254,669	211,885
Other pension costs	3,432	8,062
	<u>3,439,271</u>	<u>2,452,709</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

8. Intangible fixed assets

	Players' Contracts £	Total £
Cost		
At 1 June 2006	159,000	159,000
Additions	207,001	207,001
Disposals	(159,000)	(159,000)
At 31 May 2007	<u>207,001</u>	<u>207,001</u>
Provision for diminution in value		
At 1 June 2006	146,875	146,875
On disposals	(159,000)	(159,000)
Charge for year	<u>81,483</u>	<u>81,483</u>
At 31 May 2007	<u>69,358</u>	<u>69,358</u>
Net book values		
At 31 May 2007	<u>137,643</u>	<u>137,643</u>
At 31 May 2006	<u>12,125</u>	<u>12,125</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

9. Tangible fixed assets	Computer equipment	Catering equipment plant and machinery	Motor Vehicles	Total
	£	£	£	£
Cost				
At 1 June 2006	99,792	194,647	19,995	314,434
Additions	-	9,545	39,245	48,790
Disposals	-	-	(19,995)	(19,995)
At 31 May 2007	<u>99,792</u>	<u>204,192</u>	<u>39,245</u>	<u>343,229</u>
Depreciation				
At 1 June 2006	99,792	164,303	6,110	270,205
On disposals	-	-	(7,220)	(7,220)
Charge for the year	-	12,161	12,011	24,172
At 31 May 2007	<u>99,792</u>	<u>176,464</u>	<u>10,901</u>	<u>287,157</u>
Net book values				
At 31 May 2007	<u>-</u>	<u>27,728</u>	<u>28,344</u>	<u>56,072</u>
At 31 May 2006	<u>-</u>	<u>30,344</u>	<u>13,885</u>	<u>44,229</u>

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

Asset description	2007		2006	
	Net book value	Depreciation charge	Net book value	Depreciation charge
	£	£	£	£
Motor Vehicles	<u>28,344</u>	<u>12,011</u>	<u>13,885</u>	<u>6,110</u>

10. Stocks	2007 £	2006 £
Catering and bar stocks	18,221	17,018
Souvenir shop stock	24,709	44,850
	<u>42,930</u>	<u>61,868</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

11. Debtors	2007	2006
	£	£
Trade debtors	485,193	359,098
Other debtors	20,782	4,110
Prepayments and accrued income	420,481	40,209
	<u>926,456</u>	<u>403,417</u>

Included in other debtors is £5,873 (2006 £3,518) owed by the director Mr K Oyston. The maximum balance owed by Mr Oyston during the year was £5,873. The loan is interest free and repayable on demand.

12. Creditors: amounts falling due within one year	2007	2006
	£	£
Bank overdraft	-	352,709
Net obligations under finance leases and hire purchase contracts	6,621	6,578
Trade creditors	367,484	400,569
Amounts owed to group undertaking	422,839	422,839
Other taxes and social security costs	289,718	248,308
Directors' accounts and unsecured loans	-	150,000
Other creditors	718,752	108,983
Accruals and deferred income	1,085,027	482,817
	<u>2,890,441</u>	<u>2,172,803</u>

The amount owed to group undertaking represents the amount due to the parent, Segesta Limited formerly known as The Blackpool Football Club Properties Limited. The maximum balance outstanding during the year was £3,850,728.

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

13. Creditors: amounts falling due after more than one year	2007 £	2006 £
Amounts owed to group undertakings	3,427,889	3,101,749
Directors accounts and unsecured loans	395,136	400,136
Net obligations under finance leases and hire purchase contracts	18,190	5,589
	<u>3,841,215</u>	<u>3,507,474</u>

Repayable in five years or more

<u>-</u>	<u>-</u>
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Directors accounts and unsecured loans includes £395,136 (2006 400,136) owed to the director Mr O J Oyston The maximum balance owed to Mr Oyston was £550,136

The unsecured loan is interest free and repayable on demand

14. Share capital	2007 £	2006 £
Authorised equity		
37,500 Ordinary shares of £1 each	<u>37,500</u>	<u>30,000</u>
Allotted, called up and fully paid equity		
37,500 Ordinary shares of 1 each	<u>37,500</u>	<u>30,000</u>

The company issued and allotted 7,500 additional £1 00 ordinary shares in the year The authorised share capital increased from 30,000 to 37,500 £1 00 ordinary shares during the year

15. Equity Reserves	Share premium account £	Profit and loss account £	Capital redemption reserve £	Total £
At 1 June 2006	67,674	(5,255,968)	2,335	(5,185,959)
Premium on issue of shares	1,792,500			1,792,500
Loss for the year	-	(466,211)	-	(466,211)
At 31 May 2007	<u>1,860,174</u>	<u>(5,722,179)</u>	<u>2,335</u>	<u>(3,859,670)</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

16. Reconciliation of movements in shareholders' funds	2007	2006
	£	£
Profit/(loss) for the year	(466,211)	(407,024)
Net proceeds of equity share issue	1,800,000	-
Net addition to shareholders' funds	1,333,789	(407,024)
Opening shareholders' funds	(5,155,959)	(4,748,935)
Closing shareholders' funds	<u>(3,822,170)</u>	<u>(5,155,959)</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
	2007	in year
	£	£
Mr K S Oyston	<u>5,873</u>	<u>5,873</u>

18. Commitments under operating leases and guarantees.

At 31 May 2007 the company had annual commitments under non-cancellable operating leases as follows

	Other
	2007
	£
Expiry date:	
Within one year	1,484
Between one and five years	-
	<u>1,484</u>
	<u>2,968</u>
	<u>4,452</u>

The Blackpool Football Club Limited

**Notes to the financial statements
for the year ended 31 May 2007**

continued

19. Related party transactions	2007	2006
	£	£

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

Oystons Limited	2,563	-
Denwis Limited	11,620	8,236
Ridings Publishing Company Limited	370	2,592

During the year the company was charged £642 00 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	6,251	2,793
Natfarm Limited	-	2,484
Oystons Limited	1,234	-

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

Denwis Limited	46	80
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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 and Oystons Limited.

20. Ultimate parent undertaking

The company is a subsidiary of Segesta Limited, a company incorporated in England & Wales, which held 76.3% (2006: 95.3%) of the issued share capital of the company at 31 May 2007. Segesta Limited (formerly known as 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 2007**

continued

21. Gross cash flows

	2007	2006
	£	£
Returns on investments and servicing of finance		
Interest received	34,009	261
Interest paid	(10,228)	(7,440)
	<u>23,781</u>	<u>(7,179)</u>
Capital expenditure		
Payments to acquire intangible assets	(48,001)	(10,000)
Payments to acquire tangible assets	(28,795)	(19,995)
	<u>(76,796)</u>	<u>(29,995)</u>
Financing		
Issue of ordinary share capital	1,800,000	-

22. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	2,679	1,743,706		1,746,385
Overdrafts	(352,709)	352,709		-
	<u>(350,030)</u>	<u>2,096,415</u>		<u>1,746,385</u>
Finance leases and hire purchase contracts	(12,167)	-	(12,644)	(24,811)
Net (debt) / funds	<u>(362,197)</u>	<u>2,096,415</u>	<u>(12,644)</u>	<u>1,721,574</u>

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