

Company Registration No. 89767

## **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

### **Report and Financial Statements**

**31 July 2007**

THURSDAY



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COMPANIES HOUSE

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2007**

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# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

G King  
D M Markscheffel  
R J Osborne  
D A J Wilshire  
R Martin  
F Van Wezel  
P Robinson

### **SECRETARY**

H Norbury

### **HON. MEDICAL OFFICER**

Dr A K Sinha

### **REGISTERED OFFICE**

Torrington House  
47 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HD

### **BANKERS**

The Royal Bank of Scotland plc  
Commercial Office  
26 High Street  
Chelmsford CM1 1YJ

### **INDEPENDENT AUDITORS**

HLB Vantis Audit plc  
Chartered Accountants  
Torrington House  
47 Holywell Hill  
St Albans  
Hertfordshire  
AL1 1HD

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

The directors present their annual report and the audited financial statements for the year ended 31 July 2007

## **ACTIVITIES**

The principal activity of the company continues to be that of a Professional Football League Club

## **REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The Club has maintained its position in League One, and is confident of future success

The Club has improved its gross margin from 10.4% last year to 34% this year due to successful player trading and an overall good year

## **PRINCIPAL RISK AND UNCERTAINTIES**

The company operates a treasury function which is responsible for managing the liquidity and interest risks associated with the company's activities

### **Liquidity risk**

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business

### **Interest rate risk**

The company is exposed to fair value interest rate risk on its fixed rate borrowings and cash flow interest rate risk on bank overdrafts and loan

### **Credit risk**

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary

## **RESULTS AND DIVIDENDS**

The results for the year are set out in the Profit and Loss Account on page 5. The directors do not recommend the payment of a dividend (2006 - nil)

## **POST BALANCE SHEET EVENTS**

After the year end the company made a share offer to its shareholders of ordinary shares of 25p each at a price of £6 per share. The company has had a subscription of 51,115 shares with a total monetary value of £306,690

## **DIRECTORS**

The directors who served during the year and subsequent to the year end are shown on page 1

## **AUDITORS**

A resolution for the reappointment of HLB Vantis Audit plc as auditors of the company will be proposed at the forthcoming Annual General Meeting

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

United Kingdom 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 as at the end of the financial year 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, 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.

## **STATEMENT OF DISCLOSURE TO AUDITOR**

- (a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and
- (b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Approved by the Board of Directors  
and signed on behalf of the Board

Director



# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF SOUTHEND UNITED FOOTBALL CLUB LIMITED**

We have audited the financial statements of Southend United Football Club Limited on pages 5 to 20 for the year ended 31 July 2007. 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 auditor's 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 4, 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.

#### **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 July 2007 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

*HLB Vantis Audit plc*

**HLB Vantis Audit Plc**

Chartered Accountants & Registered Auditors

Torrington House

47 Holywell Hill

St Albans

Herts AL1 1HD

*23 May 2008*

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**Year ended 31 July 2007**

	Note	Operations excluding player trading £	Player trading £	Total 2007 £	2006 £
<b>TURNOVER</b>	2	6,871,989	1,520,000	8,391,989	3,740,313
Cost of sales	4	(5,233,983)	(344,366)	(5,578,349)	(3,754,071)
Gross Profit/(loss)		1,638,006	1,175,634	2,813,640	(13,758)
Administrative expenses		(1,509,162)	-	(1,509,162)	(1,367,596)
Other operating income	2	75,020	-	75,020	89,981
Release of parent company loan		-	-	-	1,567,656
<b>OPERATING PROFIT/(LOSS)</b>	5	203,864	1,175,634	1,379,498	276,283
<b>Profit/(loss) before interest and taxation</b>		203,864	1,175,634	1,379,498	276,283
Other interest receivable and similar income				2,174	983
Interest payable and similar charges	6			(38,191)	(85,716)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				1,343,481	191,550
Tax on profit on ordinary activities	7			-	-
<b>Retained profit/(loss) for the year</b>	18,21			1,343,481	191,550

All the results derive from continuing operations. There are no recognised gains and losses for the current or previous financial year other than those shown above.

# SOUTHEND UNITED FOOTBALL CLUB LIMITED

## BALANCE SHEET 31 July 2007

	Note	2007 £	2006 £
<b>FIXED ASSETS</b>			
Intangible assets	8	752,861	185,126
Tangible assets	9	555,109	516,648
		<u>1,307,970</u>	<u>701,774</u>
<b>CURRENT ASSETS</b>			
Stocks	10	46,727	30,154
Debtors – due within one year	11	819,798	618,323
Debtors – due after more than one year	11,12	56,818	57,778
		<u>876,616</u>	<u>676,101</u>
Cash at bank and in hand		846,484	1,037,008
		<u>1,769,827</u>	<u>1,743,263</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(5,873,974)	(6,620,903)
<b>NET CURRENT LIABILITIES</b>		<u>(4,104,147)</u>	<u>(4,877,640)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		(2,796,177)	(4,175,866)
<b>CREDITORS: amounts falling due after more than one year</b>	14	-	-
<b>DEFERRED GRANT INCOME</b>	15	(73,722)	(37,514)
		<u>(2,869,899)</u>	<u>(4,213,380)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17,21	156,674	156,674
Share premium account	21	482,469	482,469
Profit and loss account	18,21	(3,509,042)	(4,852,523)
<b>Total equity shareholders' deficit</b>	21	<u>(2,869,899)</u>	<u>(4,213,380)</u>

These financial statements were approved by the Board of Directors on 22 May 2008

Signed on behalf of the Board of Directors

Director



# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **CASH FLOW STATEMENT**

**Year ended 31 July 2007**

	<b>Note</b>	<b>2007 £</b>	<b>2006 £</b>
Net cash outflow from operating activities	1	(500,110)	1,663,829
Returns on investments and servicing of finance	2	(36,017)	(84,733)
Capital expenditure and financial investment	2	309,395	(670,732)
Cash outflow before use of liquid resources and financing		(226,732)	908,364
Financing		36,208	66,419
Increase/(Decrease) in cash		<u>(190,524)</u>	<u>974,783</u>

## **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

**Year ended 31 July 2007**

	<b>2007 £</b>	<b>2006 £</b>
Increase/(Decrease) in cash	(190,524)	974,783
Cash inflow from increase in debt and lease financing	621,988	362,405
Change in net debt resulting from cash flows	431,464	1,337,188
Release of parent company loan	-	1,567,656
Movement in net debt in the year	431,464	2,904,844
Net debt at 1 August 2006	(594,109)	(3,498,953)
Net debt at 31 July 2007	<u>(162,645)</u>	<u>(594,109)</u>

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT**

**Year ended 31 July 2007**

### **1. RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit/(loss)	1,379,498	276,283
Profit on disposal of intangible fixed assets	(1,520,000)	-
Amortisation of intangible fixed assets	344,365	124,183
Depreciation charges	260,044	125,441
Release of parent company loan	-	(1,567,656)
Decrease/(Increase) in stock	(16,573)	1,702
(Increase)/decrease in debtors	(200,515)	(277,404)
Increase/(decrease) in creditors	(746,929)	2,981,280
	<u>(500,110)</u>	<u>1,663,829</u>

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

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	2,174	983
Interest paid	(38,191)	(2,716)
Interest paid on overdue taxes	-	(83,000)
	<u>(36,017)</u>	<u>(84,733)</u>
<b>Capital expenditure and financial investment</b>		
Payment to acquire intangible fixed assets	(912,100)	(175,000)
Payment to acquire tangible fixed assets	(298,505)	(495,732)
Receipts from disposal of intangible fixed assets	1,520,000	-
	<u>309,395</u>	<u>(670,732)</u>
<b>Financing</b>		
Deferred grant income	36,208	37,514
Increase in borrowings	-	28,905
	<u>36,208</u>	<u>66,419</u>

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT**

**Year ended 31 July 2007**

### **3. ANALYSIS OF NET DEBT**

	<b>1 August 2006 £</b>	<b>Cash flow £</b>	<b>Non cash movements £</b>	<b>31 July 2007 £</b>
Cash at bank and in hand	1,037,008	(190,524)	-	846,484
Debt due to parent company	(1,600,000)	590,871	-	(1,009,129)
Finance leases	(81)	81	-	-
Debts falling due within one year	(31,036)	31,036	-	-
<b>Total</b>	<b>(594,109)</b>	<b>431,464</b>	<b>-</b>	<b>(162,645)</b>

### **4. LIQUID RESOURCES**

Liquid resources relate to cash in hand and at bank

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

### **Accounting convention**

The financial statements are prepared under the historical cost convention and have been prepared in accordance with applicable accounting standards.

### **Going concern**

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future, as the directors are confident that the parent company, South Eastern Leisure Company Limited and its major shareholder, will continue to provide the necessary funds to the company.

### **Turnover**

Turnover represents revenue arising from the principal activities of the company within the UK net of value added tax.

### **Signing on fees**

Signing on fees are expensed in the profit and loss account in the year in which the commitment falls due.

### **Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less the estimated residual value of each asset over its expected useful life as follows:

Leasehold Improvements	- 33% per annum straight line
Fixtures, fittings and equipment	- 33% per annum straight line
Motor vehicles	- 25% reducing balance

### **Intangible assets**

The costs associated with the acquisition of players' registrations are capitalised as intangible fixed assets. These costs are fully amortised, in equal annual instalments, over the period of the respective players' contracts. Players' registrations are written down for impairment when the carrying amount exceeds the amount recoverable through use or sale.

**1. ACCOUNTING POLICIES (continued)**

**Stocks**

Stocks are stated at the lower of cost and net realisable value

**Deferred grant income**

Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred income in the balance sheet represents total grants receivable less amounts released to the profit and loss account.

**Deferred taxation**

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

**Leases and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on inception and depreciated over their estimated useful lives. The finance charges are allocated to the profit and loss account on a straight line basis over the term of the agreement.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

Defined contribution pension arrangements are made for eligible employees of the company. The pension cost charged in the year represents contributions payable by the company to the relevant pension schemes.

# SOUTHEND UNITED FOOTBALL CLUB LIMITED

## 2. TURNOVER

	2007 £	2006 £
<b>(a) Football activities</b>		
Gate receipts	2,041,824	1,309,494
Season tickets	1,171,936	485,721
Share of league and cup pools and television fees (after deducting contributions to league and association pools)	1,314,960	479,993
Centre of excellence	181,397	155,310
	<u>4,710,117</u>	<u>2,430,518</u>
<b>(b) Sundry commercial income</b>		
Sports and promotions	1,408,267	784,488
Souvenir shop	156,512	100,279
Bars and catering	494,573	370,151
Other income including donations	102,520	54,877
	<u>2,161,872</u>	<u>1,309,795</u>
<b>Total turnover</b>	<u>6,871,989</u>	<u>3,740,313</u>
<b>(c) Other operating income</b>		
Market rentals	<u>75,020</u>	<u>89,981</u>

## **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

### **3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Director's emoluments during the year were £nil (2006 £nil) and employer pension scheme payments were made of £nil (2006 £nil)

	<b>2007</b>	<b>2006</b>
	<b>No.</b>	<b>No.</b>
<b>Average number of persons employed</b>		
Playing, training and coaching	62	52
Establishment and ground maintenance	28	28
Directors	7	7
	<u>97</u>	<u>87</u>

	<b>£</b>	<b>£</b>
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	3,559,377	2,607,739
Social security costs	363,128	277,312
Pension costs	3,686	4,600
Healthcare costs	39,431	52,163
Other Staff Costs	5,679	2,749
	<u>3,971,301</u>	<u>2,944,563</u>

### **4 COST OF SALES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages	3,696,637	2,531,186
Other expenses	1,881,712	1,222,885
	<u>5,578,349</u>	<u>3,754,071</u>

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **5. OPERATING PROFIT**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Operating profit is after charging:</b>		
Depreciation of tangible assets		
- owned assets	252,543	125,441
Amortisation of players' registrations	344,366	124,183
Auditors' remuneration	14,000	12,000
<b>And after crediting:</b>		
Income from property	75,020	89,981
	<u>75,020</u>	<u>89,981</u>

## **6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank loans, overdrafts and other loan	38,191	2,716
Interest on overdue tax	-	83,000
	<u>38,191</u>	<u>85,716</u>

## **7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

No tax charge arises in the year on profits due to relief for brought forward losses. There are losses carried forward against future profits of the same trade.

## **8. INTANGIBLE FIXED ASSETS**

	<b>£</b>
<b>Players' registrations</b>	
<b>Cost</b>	
At 1 August 2006	517,000
Additions	912,100
Disposals	(150,000)
At 31 July 2007	<u>1,279,100</u>
<b>Amortisation</b>	
At 1 August 2006	331,874
Charge for the year	344,365
On disposals	(150,000)
At 31 July 2007	<u>526,239</u>
<b>Net book value</b>	
At 31 July 2007	<u>752,861</u>
At 31 July 2006	<u>185,126</u>



# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **9. TANGIBLE FIXED ASSETS**

	<b>Leasehold Improve- ments £</b>	<b>Fixtures, fittings and equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>				
At 1 August 2006	223,624	1,268,683	-	1,492,307
Additions	96,123	175,632	26,750	298,505
At 31 July 2007	319,747	1,444,315	26,750	1,790,812
<b>Accumulated depreciation</b>				
At 1 August 2006	40,599	935,060	-	975,659
Charge for the year	81,965	170,579	7,500	260,044
At 31 July 2007	122,564	1,105,639	7,500	1,235,703
<b>Net book value</b>				
At 31 July 2007	197,183	338,676	19,250	555,109
At 31 July 2006	183,025	333,623	-	516,648

## **10 STOCKS**

	<b>2007 £</b>	<b>2006 £</b>
Playing kit	-	600
Bar stocks	8,895	12,717
Catering	5,572	9,837
Shop stock	32,260	7,000
	46,727	30,154

## **11. DEBTORS**

	<b>2007 £</b>	<b>2006 £</b>
Due within one year		
Trade debtors	470,177	276,555
Other debtors	64,991	97,421
Prepayments and accrued income	284,630	244,347
	819,798	618,323
Debtors due after more than one year (see note 12)	56,818	57,778
Total debtors	876,616	676,101

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **12. DEBTORS - DUE AFTER MORE THAN ONE YEAR**

	2007	2006
	£	£
Leasehold property equity shares	<u>56,818</u>	<u>57,778</u>

During 1987, the company entered into a joint venture agreement ("the agreement") to build a block of flats on land owned by the company. The agreement specified that both parties would retain equity shares in each unit of leasehold property which would be realised no later than five years from the date of sale of each unit. The equity shares allowed the joint venture partners to participate in the agreed values of the leasehold interests on sale and any subsequent increase in value if sold within five years of granting the lease.

Thus the equity share debtor of £56,818 (2006 - £57,778) represents the amounts due to the company, after provisions, in respect of its share in the total sale price of each unit of leasehold property.

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

	2007	2006
	£	£
Directors loan accounts	-	75,000
Bank loans and overdraft	-	31,036
Amount owed to associated company	1,000,000	1,000,000
Trade creditors	792,430	571,182
Amount owed to parent undertaking and fellow subsidiaries	1,009,129	1,600,000
Obligations under finance leases	-	81
Other taxation and social security	1,304,646	1,309,550
Other creditors	15,794	70,956
Accruals and deferred income	1,751,975	1,963,098
	<u>5,873,974</u>	<u>6,620,903</u>

# **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

## **14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Net obligations under finance leases and hire purchase contracts	<u>-</u>	<u>-</u>
Finance lease obligations Within one year (note 13)	<u>-</u>	<u>81</u>

## **15. DEFERRED GRANT INCOME**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 August 2006	37,514	-
Stadium improvement grant received	39,658	40,964
Grants released to the profit and loss account	<u>(3,450)</u>	<u>(3,450)</u>
At 31 July 2007	<u>73,722</u>	<u>37,514</u>

## **16. DEFERRED TAXATION**

A deferred tax asset of £1,758,753 (2006 £2,061,313) in respect of fixed assets and short-term timing differences and losses has not been provided for due to the uncertainty of sufficient profits in the foreseeable future

## **17 CALLED UP SHARE CAPITAL**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,216,000 ordinary shares of 25p each (2006 - 1,216,000)	<u>304,000</u>	<u>304,000</u>
<b>Called up, allotted and fully paid</b>		
626,696 ordinary shares of 25p each (2006 - 626,696)	<u>156,674</u>	<u>156,674</u>

# SOUTHEND UNITED FOOTBALL CLUB LIMITED

## 18. PROFIT AND LOSS ACCOUNT

	£
At 1 August 2006	(4,852,523)
Retained profit/(loss) for the financial year	<u>1,343,481</u>
At 31 July 2007	<u><u>(3,509,042)</u></u>

## 19. CONTINGENT ASSETS/LIABILITIES

### Contingent liabilities

Under the terms of certain contracts for the purchase of players' registrations future payments may be due, dependent on the future transfer values attained for certain players. It is not possible to quantify the maximum liability that could be payable.

## 20. OPERATING LEASE COMMITMENTS

At 31 July 2007, the company was committed to making the following payments during the next year in respect of operating leases:

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire				
Within 1 year	-	-	-	-
Within 2 to 5 years	<u>520,000</u>	<u>-</u>	<u>520,000</u>	<u>-</u>
	<u><u>520,000</u></u>	<u><u>-</u></u>	<u><u>520,000</u></u>	<u><u>-</u></u>

Although the Company is committed to making rent payments of £520,000 under the terms of the lease, in practice no amounts have been payable in recent years.

## 21. COMBINED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT AND STATEMENT OF MOVEMENTS ON RESERVES

	Issued share capital £	Share premium account £	Profit and loss account £	Total 2007 £	Total 2006 £
Balance at 1 August	156,674	482,469	(4,852,523)	(4,213,380)	(4,404,930)
Retained profit/(loss) for the year	<u>-</u>	<u>-</u>	<u>1,343,481</u>	<u>1,343,481</u>	<u>191,550</u>
Balance at 31 July	<u><u>156,674</u></u>	<u><u>482,469</u></u>	<u><u>(3,509,042)</u></u>	<u><u>(2,869,899)</u></u>	<u><u>(4,213,380)</u></u>

## **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

### **22. RELATED PARTY TRANSACTIONS**

R J Osborne was a partner of Rickard Keen & Co, Chartered Accountants until 31 March 2007. During the year the company made hospitality, room hire and sponsorship sales of £nil (2006 - £4,205). At the year-end £353 (2006 - £2,750) remained outstanding.

During the year the company made advertising and sponsorship sales of £25,220 (2006 - £25,293) to Universal Cycles Limited, a company in which D M Markscheffel, a director of this company, has a controlling interest. At the year-end £24,674 (2006 - £28,870) remained outstanding.

Sales were made to D M Markscheffel personally during the year amounting to £280. At the year end no balance was outstanding with D M Markscheffel.

P Robinson is a partner of Paul Robinson & Co Solicitors, who were engaged to provide the company with legal advice during the year to the value of £11,944 (2006 - £8,255). At the year-end £7,869 (2006 - £6,434) of those fees remained outstanding and are included within trade creditors. During the year the company provided advertising and hospitality sales of £7,000 (2006 - £8,124). At the year-end £Nil (2006 - £8,225) remained outstanding.

F Van Wezel is a director of Hi-Tec Sports Plc, a sportswear manufacturing company in which he has a controlling interest. The company provided sponsorship and hospitality sales during the year of £19,720 (2006 - £25,120) of which £18,800 (2006 - £17,625) remained outstanding at the year-end.

#### **South Eastern Leisure UK Limited**

South Eastern Leisure UK Limited ("SEL") is the direct parent undertaking. Last year SEL agreed to waive its entitlement to £1,567,656 due under the existing loan arrangement. The amount owed to SEL at the year end was £1,993,441 (2006 - £1,600,000). This amount is included in creditors falling due within one year. The company leases the training ground from SEL and the Roots Hall ground from South Eastern Leisure Co Limited (SEL Co) a subsidiary company of SEL. Rent is charged amounting to £nil (2006 - £nil).

#### **Martin Dawn plc**

R Martin is a director of Martin Dawn plc. Martin Dawn plc is a joint venture partner in SEL. A management charge of £60,000 (2006 - £65,000) and recharged expenses of £95,585 (2006 - £94,804) were charged by Martin Dawn plc to the company during the year. During the year the company made sales of £1,430 (2006 - £Nil). At the year-end £991,717 (2006 - £Nil) was owed to Martin Dawn plc.

#### **Southend United Community and Education Trust**

G King is a director of Southend United Community and Education Trust. During the year the company made sales of £886 (2006 - £1,540) to the trust and purchases of £nil (2006 - £3,108). At the year end the company was owed £188 (2006 - £1,192) by the Trust.

#### **Mezcal Investments**

Mezcal Investments Limited owns 50% of SEL. During the year the company received loans from Mezcal Investments Limited amounting to £nil (2006 - £1,000,000). At the year end £1,000,000 remained outstanding.

#### **Roots Hall Limited**

R Martin is a director of Roots Hall Limited. During the year the company made sales of £31,848 (2006 - £nil) and purchases of £3,913 (2006 - £nil). At the year end Roots Hall Limited owed the company £7,405 (2006 - £nil).

## **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

### **23. PENSION COSTS**

#### **Players**

Eligible players are members of the Football League Limited Players Retirement Income Scheme. No employers' contributions are made but the club deducts amounts from players' salaries and pays them into the scheme on their behalf. The scheme is defined contribution in nature. Total pension costs charged during the year amounted to £8,074 (2006 - £2,749). At the year-end £nil (2006 - £nil) of outstanding pension contributions were included in other creditors.

#### **Administration & Support**

The company contributes towards a Stakeholder Pension Scheme. During the year contributions of £3,686 (2006 - £4,600) were made.

### **24. CONTROLLING PARTY**

The ultimate controlling party is Mr R Martin, Chairman of the direct controlling undertaking, South Eastern Leisure UK Limited (SEL), and majority shareholder of Martin Dawn Plc, which has a 50% shareholding in SEL.

### **25. POST BALANCE SHEET EVENTS**

After the year end the company made a share offer to its shareholders of ordinary shares of 25p each at a price of £6 per share. The company has had a subscription of 51,115 shares with a total monetary value of £306,690.

## **SOUTHEND UNITED FOOTBALL CLUB LIMITED**

### **ADDITIONAL INFORMATION**

The additional information on page 22 has been prepared from the accounting records of the company. It does not form part of the statutory financial statements.

# SOUTHEND UNITED FOOTBALL CLUB LIMITED

## DETAILED PROFIT AND LOSS ACCOUNT

Year ended 31 July 2007

	2007		2006	
	£	£	£	£
<b>TURNOVER</b>		8,391,989		3,740,313
<b>Cost of sales</b>				
Wages	3,696,637		2,531,186	
Other expenses	1,537,346		1,098,702	
Amortisation of players' registrations	344,366		124,183	
		<u>(5,578,349)</u>		<u>(3,754,071)</u>
<b>Gross profit / (loss)</b>		2,813,640		(13,758)
<b>Other income</b>				
Income from property	75,020		89,981	
Release of parent company loan	-		1,567,656	
		<u>75,020</u>		<u>1,657,637</u>
<b>Administrative expenses</b>				
Salaries and associated costs	274,664		263,199	
Management charges	60,000		65,000	
Rent	3,367		239	
Rates	97,395		74,339	
Insurance and maintenance	142,452		132,716	
Light and heat	72,770		57,293	
Stationery and postage	29,883		24,403	
Advertising	1,111		4,833	
Telephone	44,799		43,628	
Motor running, travelling expenses and entertainment	75,674		93,057	
Other professional fees	20,485		43,239	
Legal fees and settlements	121,014		184,532	
Accountancy fees	4,050		5,402	
Audit fees	14,000		12,000	
Bank charges	62,996		69,595	
Bad and doubtful debts	477		1,668	
Sundry expenses	144,787		83,975	
Depreciation on furniture, fixtures and equipment	252,543		128,891	
Capital grants released	(3,450)		(3,450)	
Donations	1,520		350	
Centre of excellence	88,625		82,687	
		<u>(1,509,162)</u>		<u>(1,367,596)</u>
<b>OPERATING PROFIT</b>		1,379,498		276,283
Interest receivable on bank deposits	2,174		983	
Interest payable				
On bank loans and overdrafts	(38,191)		(2,716)	
Interest on overdue tax	-		(83,000)	
		<u>(38,191)</u>		<u>(84,733)</u>
<b>NET PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,343,481		191,550