

EXETER CITY A F C LIMITED

REGISTERED OFFICE

ST JAMES' PARK,
EXETER, DEVON, EX4 6PX

COMPANY NUMBER

97808

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 1999

The Directors present their report and the financial statements for the year ended 30 June 1999.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be that of a professional Football League club.

REVIEW

The company's trading results are set out on the attached financial statements. The company sustained a loss for the year of £96,553.



EXETER CITY A F C LIMITEDDIRECTORS' REPORT
(Continued)DIRECTORS

The Directors at 30 June 1999, and their interests in the company's issued share capital, were as follows:

	Ordinary Shares at <u>30.6.99.</u>	Preference Shares at <u>30.6.99.</u>	Ordinary Shares at <u>1.7.98.</u>	Preference Shares at <u>1.7.98.</u>
A I Doble Esq	20703	577	20703	577
S W Dawe Esq	-	-	-	-
L G Vallance Esq	499	1126	499	1126
P Carter Esq	75	48	75	48
I M Couch Esq	1074	48	1074	48
M Shelbourne Esq	-	-	-	-
P Dobson Esq (Appointed: 14.4.99.)	-	-	-	-


AUDITORS

The Auditors, Reddaway & Co., will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY RULES

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 25th April 2000 and signed on its behalf.



A I DOBLE ESQ
Director

Chartered Accountants

AUDITORS REPORT TO THE SHAREHOLDERS OF

EXETER CITY A F C LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 6 and 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on the Directors Report, the company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion based on our audit, on those financial statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with the 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 judgments 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 mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of presentation of information in the financial statements.

FUNDAMENTAL UNCERTAINTY - GOING CONCERN

In forming our opinion, we have considered the adequacy of disclosures made in note 1 (a) in the financial statements concerning the Directors efforts to raise short and long term funding for the company. In view of the significance of the fact that the preparation of the financial statements on the going concern basis assumes the successful conclusion of this matter, we consider that these disclosures should be brought to your attention. Our opinion is not qualified in this respect.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 1999 and of its loss for the year then ended and, have been properly prepared in accordance with the Companies Act 1985, applicable to small companies.

Reddaway & Co

REDDAWAY & CO.

Registered Auditors and Chartered Accountants

Reddaway House

30 St Peter Street

Tiverton, Devon, EX16 6NR

27 April 2000

EXETER CITY A F C LIMITEDPROFIT AND LOSS ACCOUNT - YEAR ENDED 30 JUNE 1999

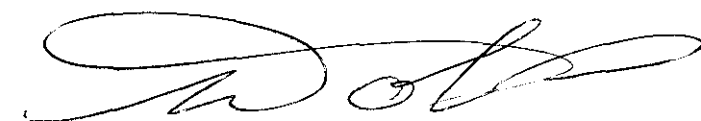
	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<u>TURNOVER</u>	1b	1248796	1177737
<u>COST OF SALES</u>		(1207621)	(1165651)
		-----	-----
<u>GROSS PROFIT</u>		41175	12086
<u>ADMINISTRATION EXPENSES</u>		(168440)	(152974)
		-----	-----
<u>OPERATING LOSS</u>	2	(127265)	(140888)
<u>EXCEPTIONAL INCOME</u>	11	-	10000
<u>PROFIT ON DISPOSAL OF FREEHOLD PROPERTY</u>		49728	-
<u>INTEREST RECEIVABLE</u>		1897	9116
<u>INTEREST PAYABLE</u>	3	(22827)	(24783)
		-----	-----
<u>LOSS ON ORDINARY ACTIVITIES</u> Before Taxation		(98467)	(146555)
<u>TAXATION</u>	4	1914	(1820)
		-----	-----
<u>LOSS ON ORDINARY ACTIVITIES</u> After Taxation		(96553)	(148375)
<u>ACCUMULATED LOSSES BROUGHT FORWARD</u>		(1073844)	(925469)
		-----	-----
<u>ACCUMULATED LOSSES AT 30 JUNE 1999</u>		(1170397)	(1073844)
		=====	=====

The notes on pages 6 to 11 form part of these financial statements.

EXETER CITY A F C LIMITEDBALANCE SHEET - 30 JUNE 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
<u>FIXED ASSETS</u>			
Tangible Assets	1c & 5	67933	35590
		-----	-----
<u>CURRENT ASSETS</u>			
Stock	1d	164685	160799
Debtors	6	172893	49676
Cash at bank and in hand		2476	15205
		-----	-----
		340054	225680
		-----	-----
<u>CREDITORS, Amounts Falling Due</u> <u>Within One Year</u>	7	1086339	893335
		-----	-----
<u>NET CURRENT LIABILITIES</u>		(746285)	(667655)
		-----	-----
<u>TOTAL ASSETS LESS CURRENT</u> <u>LIABILITIES</u>		(678352)	(632065)
<u>CREDITORS, Amounts Falling Due</u> <u>After More Than One Year</u>	8	(250000)	(240000)
<u>ACCRUALS AND DEFERRED INCOME</u>	12	(52362)	-
		-----	-----
<u>NET LIABILITIES</u>		(980714)	(872065)
		=====	=====
<u>CAPITAL AND RESERVES</u>			
Called-Up Share Capital	9	39683	39683
Profit and Loss Account		(1170397)	(1073844)
Revaluation Reserve	10	150000	162096
		-----	-----
		(980714)	(872065)
		=====	=====

The financial statements, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999), were approved by the Board on 25 April 2000 and signed on its behalf.



A I DOBLE ESQ
Director

The notes on pages 6 to 11 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 19991. ACCOUNTING POLICIES(a) Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention, except for the valuation placed on players contracts.

The company has no bank overdraft facility, and has incurred a trading loss for the year. With the trading loss for previous years, there is an excess of liabilities over assets of £980,714 at 30 June 1999. The financial year to date also shows a trading loss. The Directors, are aware of a projected cash flow deficit for the 3 months from the date of approving these financial statements. The Directors have a target of a breakeven position for the next financial year.

Without the stated continued financial support of the Directors and others, there is a concern that the company may not be able to continue trading in the foreseeable future. However the Directors are actively seeking additional short and long term funding for the company, and on that basis, consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from failure to obtain the additional funding.

(b) Turnover

Turnover represents the total trading income receivable in the year.

(c) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or (in the case of assets revalued at 1 July 1996) at a valuation, less depreciation.

Depreciation is provided at rates to write-off the assets over their expected useful lives on the following bases:-

Motor Vehicles : 25% straight line basis

Equipment, Fixtures
and Fittings : 33% straight line basis

Capital expenditure on leasehold property is stated at cost. Depreciation is provided in order to write-off the expenditure over the remaining term of the lease.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1999

(Continued)

(d) Stocks

Comprise bar and shop trading stock and a valuation of players' contracts.

Trading stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

(e) Grants Receivable

Football Trust grants are made as a contribution towards capital expenditure on leasehold property. The grants are recognised in the profit and loss account over the remaining term of the lease.

2. OPERATING LOSS

The operating loss is stated after charging:

	<u>1999</u>	<u>1998</u>
Depreciation of tangible fixed assets		
- owned by the company	22420	17602
Auditor's remuneration	1760	1600
Ground Safety work	18871	2492

3. INTEREST PAYABLE

	<u>1999</u>	<u>1998</u>
On Bank loans, overdrafts and other loans	22827	24125
On Hire Purchase contract	-	658
	-----	-----
	22827	24783
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1999

(Continued)

4. TAXATION

In the opinion of the Directors, the trading results will not give rise to a corporation tax liability because of trading losses.

	<u>1999</u>	<u>1998</u>
Taxation at 21%	-	1914
Over provision - 1996	-	(94)
Taxation recoverable	(1914)	-
	<u>-----</u>	<u>-----</u>
	(1914)	1820
	<u>=====</u>	<u>=====</u>

5. TANGIBLE FIXED ASSETS

	Freehold Property	Capital Expenditure on lease- hold property	Fixtures, Fittings & Equipment	Motor Vehicle	TOTAL
Cost at 1 July 1998	7531		11275	11500	30306
Valuation			36250		36250
Additions		58902	3392		62294
Disposals	(7531)				(7531)
Cost at 30 June 1999	-	58902	50917	11500	121319
Depreciation at 1 July 1998	-	-	27373	3593	30966
Depreciation for the year	-	2561	16984	2875	22420
Depreciation at 30 June 1999	-	2561	44357	6468	53386
Net Book Values at 30 June 1999	-	56341	6560	5032	67933
30 June 1998	7531	-	20152	7907	35590

The freehold property acquired during 1998 was sold in the 1999 financial year.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1999
(Continued)6. DEBTORS

	<u>1999</u>	<u>1998</u>
Due within one year:		
Trade debtors	39814	32359
Other debtors	112061	17317
Prepayments	19104	-
Taxation recoverable	1914	-
	<u>172893</u>	<u>49676</u>
	=====	=====

7. CREDITORS, Amounts Falling Due
Within One Year

	<u>1999</u>	<u>1998</u>
Bank loans and overdraft	90662	20000
Trade creditors	43534	23783
Social Security and other taxes	31062	32925
Other creditors	109932	46547
Accruals	84365	59385
Loan - Mrs V Doble	-	30000
Directors loans	726784	676784
Corporation tax	-	3911
	<u>1086339</u>	<u>893335</u>
	=====	=====

Bank loans and overdraft include a bank loan of £20,000 secured by the personal guarantee of two Directors.

The Directors' loan balances at 1 July 1998 and 30 June 1999 were:

	<u>At 1.7.98</u>	<u>Introduced</u>	<u>At 30.6.99</u>
A I Doble Esq	318397	50000	368397
M Couch Esq	18500		18500
P Carter Esq	135100		135100
L G Vallance Esq	129787		129787
S Dawe Esq	50000		50000
M Shelbourne Esq	25000		25000
	<u>676784</u>	<u>50000</u>	<u>726784</u>
	=====	=====	=====

Included in other creditors was £8360 owing to a company, of which A I Doble, P Carter and L G Vallance were also Directors.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1999

(Continued)

8. CREDITORS, Amounts Falling Due
After More Than One Year

	<u>1999</u>	<u>1998</u>
Bank loans and overdraft	20000	40000
Loans	230000	200000
	-----	-----
	250000	240000
	=====	=====

Bank loans and overdraft represent a bank loan of £20,000 secured by the personal guarantee of two Directors. The loans of £230,000 have no agreed repayment date, but will not be repaid before the bank loan. This sum includes the following Directors loans at 30 June 1998 and 30 June 1999.

A I Doble Esq	25000
L G Vallance Esq	25000

9. SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
<u>Authorised</u>		
7000 Non-Cumulative 5% Preference Shares of £1 each	7000	7000
33000 Ordinary Shares of £1 each	33000	33000
	-----	-----
	40000	40000
	=====	=====

Allotted, Called-Up and Fully Paid

6876 Non-Cumulative 5% Preference Shares of £1 each	6876	6876
32897 Ordinary Shares of £1 each	32807	32807
	-----	-----
	39683	39683
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1999

(Continued)

10. REVALUATION RESERVE

Under an accounting policy introduced in 1997, a conservative value of £100,000 was attributed to the players' contracts at 30 June 1997. This was increased to £150,000 at 30 June 1998. A value was also attributed to the equipment fixtures and fittings at 1 July 1996. The reserve at 30 June 1999 is made up as follows:

Value of Players' contracts as at 30 June 1999		150000
Equipment, fixtures and fittings	36250	
<u>Less: Accumulated Depreciation</u>	<u>36250</u>	<u>-</u>
Revaluation Reserve at 30 June 1999		150000 =====

11. EXCEPTIONAL INCOME

In 1998 one of the creditors agreed to waive a loan to the company of £10,000.

12. ACCRUALS AND DEFERRED TAXATION

During the year the company claimed grants towards the capital expenditure on the football ground which is a leasehold property. These grants are included as deferred income and are credited to the profit and loss account on a straight line basis over the remaining term of the lease.

13. CAPITAL COMMITMENTS

The Directors authorised capital expenditure of £2,028,000 as at 30 June 1999. Grants towards this expenditure had been agreed at £1,750,000.