

EXETER CITY A F C LIMITED

REGISTERED OFFICE

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

COMPANY NUMBER

97808

DIRECTORS' REPORT

YEAR ENDED 30 JUNE 1998

The Directors present their report and the financial statements for the year ended 30 June 1998.

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 £148,375.



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

The Directors at 30 June 1998, and their interests in the company's issued share capital, were as follows:

	Ordinary Shares at 30.6.98.	Preference Shares at 30.6.98.	Ordinary Shares at 1.7.97.	Preference Shares at 1.7.97.
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	-	-	-	-

AUDITORS

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

SMALL COMPANY RULES

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

This report was approved by the Board on 23 April 1999 and signed on its behalf.



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, 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 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 mis-statement, 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.

GOING CONCERN

In forming our opinion, we have considered the adequacy of the disclosure made in note 1(a) of the financial statements concerning the future funding of the company's trading activity. In view of the significance of this uncertainty, we consider that it should be drawn to your attention, but 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 1998 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

26 April 1999

EXETER CITY A F C LIMITEDPROFIT AND LOSS ACCOUNT - YEAR ENDED 30 JUNE 1998

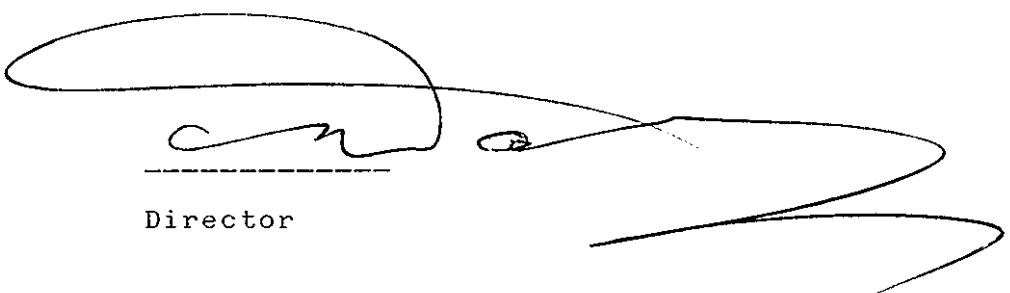
	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<u>TURNOVER</u>	1b	1177737	1146226
<u>COST OF SALES</u>		(1165651)	(949005)
<u>GROSS PROFIT</u>		12086	197221
<u>ADMINISTRATION EXPENSES</u>		(152974)	(150471)
<u>OPERATING (LOSS)/PROFIT</u>	2	(140888)	46750
<u>EXCEPTIONAL INCOME</u>	11	10000	-
<u>INTEREST RECEIVABLE</u>		9116	10147
<u>INTEREST PAYABLE</u>	3	(24783)	(27692)
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</u> Before Taxation		(146555)	29205
<u>TAXATION</u>	4	(1820)	(2359)
<u>(LOSS)/PROFIT ON ORDINARY ACTIVITIES</u> After Taxation		(148375)	26846
<u>ACCUMULATED LOSSES BROUGHT FORWARD</u>		(925469)	(952315)
<u>ACCUMULATED LOSSES AT 30 JUNE 1998</u>		(1073844)	(925469)

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

EXETER CITY A F C LIMITEDBALANCE SHEET - 30 JUNE 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
<u>FIXED ASSETS</u>			
Tangible Assets	1c & 5	35590	41106
<u>CURRENT ASSETS</u>			
Debtors	6	49676	38320
Stock	1e	160799	110738
Cash at bank and in hand		15205	197362
		225680	346420
<u>CREDITORS, Amounts Falling Due</u>			
Within One Year	7	893335	879145
<u>NET CURRENT LIABILITIES</u>			
		(667655)	(532725)
<u>TOTAL ASSETS LESS CURRENT</u>			
<u>LIABILITIES</u>		(632065)	(491619)
<u>CREDITORS, Amounts Falling Due</u>			
After More Than One Year	8	(240000)	(270000)
<u>NET LIABILITIES</u>			
		(872065)	(761619)
<u>CAPITAL AND RESERVES</u>			
Called-Up Share Capital	9	39683	39683
Profit and Loss Account		(1073844)	(925469)
Revaluation Reserve	10	162096	124167
<u>SHAREHOLDERS' FUNDS</u>			
		(872065)	(761619)

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, were approved by the Board on 23 April 1999 and signed on its behalf.



Director

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

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 19981 ACCOUNTING POLICIES(a) Basis of Preparation of Financial Statements

The financial statements are prepared under the historical cost convention.

The nature of the company's business means that towards the end of a football season, there is considerable pressure on cashflow. Subsequently, with season ticket and football league receipts for the next season, the cashflow improves substantially. The Directors are aware of the projected cashflow deficit for the current financial year and are actively considering the financing of this deficit. On this basis the Directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustment that would result from failure to obtain this 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

No depreciation has been provided on the freehold property referred to in note 5 on page 8.

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(Continued)(d) Leasing

Assets obtained under hire purchase contracts were capitalised as tangible fixed assets. Assets acquired by hire purchase are depreciated over their useful lives. Hire purchase contracts are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements were included in creditors net of the finance charge allocated to future periods. The interest element of each repayment was charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

(e) 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.

2 OPERATING LOSS

The operating loss is stated after charging:

	<u>1998</u>	<u>1997</u>
Depreciation of tangible fixed assets		
- owned by the company	17602	12646
- held under hire purchase contract	-	718
Auditor's remuneration	1600	1500
Ground Safety work	2492	7298

3 INTEREST PAYABLE

	<u>1998</u>	<u>1997</u>
On Bank loans, overdrafts and other loans	24125	27567
On Hire Purchase contract	658	125
	-----	-----
	24783	27692
	=====	=====

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(Continued)4 TAXATION

Taxation has been provided for on investment income at current rates.

	<u>1998</u>	<u>1997</u>
Taxation at 21%	1914	2359
Over provision - 1996	94	-
	<u>1820</u>	<u>2359</u>

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

5 TANGIBLE FIXED ASSETS

	<u>Freehold Property</u>	<u>Fixtures, Fittings & Equipment</u>	<u>Motor Vehicle</u>	<u>Total</u>
Cost at 1 July 1997		6720	11500	18220
Valuation		36250		36250
Additions	7531	4555		12086
Cost at 30 June 1998	7531	47525	11500	66556
Depreciation at 1 July 1997	-	12646	718	13364
Depreciation for the year	-	14727	2875	17602
Depreciation at 30 June 1998	-	27373	3593	30966
Net Book Values at 30 June 1998	7531	20152	7907	35590
30 June 1997	-	30324	10782	41106

The company acquired a freehold property during the year at a cost of £7531, the sum necessary to redeem the outstanding mortgage. A conservative current value for the property is £50000.

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(Continued)6 DEBTORS

	<u>1998</u>	<u>1997</u>
Due within one year:		
Trade debtors	32359	20954
Prepayments and accrued income	17317	17005
Taxation recoverable	-	361
	-----	-----
	49676	38320
	=====	=====

7 CREDITORS, Amounts Falling Due
Within One Year

	<u>1998</u>	<u>1997</u>
Bank loans and overdraft	20000	39976
Trade creditors	23783	11818
Social Security and other taxes	32925	29335
Other creditors	46547	26483
Accruals and deferred income	59385	54781
Loan - Mrs V Doble	30000	30000
Directors loans	676784	676784
Corporation tax	3911	2359
Obligations under Hire Purchase contracts	-	7609
	-----	-----
	893335	879145
	=====	=====

Bank loans and overdraft include a bank loan of £20,000 secured by the personal guarantee of two Directors. The obligation under the hire purchase contract was secured on the asset concerned.

The Directors' loans' balances at 1 July 1997 and 30 June 1998 were:

A I Doble Esq	318397
M Couch Esq	18500
P Carter Esq	135100
L G Vallance Esq	129787
S Dawe Esq	50000
M Shelbourne Esq	25000

	676784
	=====

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(Continued)8 CREDITORS, Amounts Falling Due
After More Than One Year

	<u>1998</u>	<u>1997</u>
Bank loans and overdraft	40000	60000
Loans	200000	210000
	-----	-----
	240000	270000
	=====	=====

Bank loans and overdraft represent a bank loan of £40,000 secured by the personal guarantee of two Directors. The loans of £200,000 have no agreed repayment date, but will not be repaid before the bank loan. This sum includes the following Directors loans at 30 June 1997 and 30 June 1998.

A I Doble Esq	25000
L G Vallance Esq	25000

9 SHARE CAPITAL

	<u>1998</u>	<u>1997</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
	=====	=====
<u>Allotted, Called-Up and Fully Paid</u>		
6876 Non-Cumulative 5% Preference Shares of £1 each	6876	6876
32807 Ordinary Shares of £1 each	32807	32807
	-----	-----
	39683	39683
	=====	=====

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(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. A value was also attributed to the equipment fixtures and fittings at 1 July 1996. The reserve at 30 June 1998 is made up as follows:

Value of Players' contracts as at 30 June 1998		150000
Equipment, fixtures and fittings	36250	
<u>Less: Accumulated Depreciation</u>	<u>24154</u>	
		12096

Revaluation Reserve at 30 June 1998		162096
		=====

11 EXCEPTIONAL INCOME

During the year one of the creditors agreed to waive a loan to the company of £10,000.

EXETER CITY A F C LIMITEDNOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 30 JUNE 1998
(Continued)6 DEBTORS

	<u>1998</u>	<u>1997</u>
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(Continued)8 CREDITORS, Amounts Falling Due
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Equipment, fixtures and fittings	36250	
<u>Less:</u> Accumulated Depreciation	24154	
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Revaluation Reserve at 30 June 1998		162096
		=====

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