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# Plymouth Argyle Football Company Limited

## Directors' report and financial statements

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# Plymouth Argyle Football Company Limited

President: Mr S Rendell

## Directors:

Chairman: Mr D McCauley  
Mr PD Bloom, Mr GE Jasper

Bankers: Barclays Bank plc

Auditors: KPMG Chartered Accountants  
Phoenix House, Notte Street, Plymouth, PL1 2RT

Company Secretary: Mr D McCauley

Team Manager: Mr N Warnock

Commercial Manager: Mr S Birley

Club Secretary: Mr M Holladay

Registered Office: Home Park, Plymouth

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at the Executive Suite, Home Park, Plymouth on 12 December 1996 at 9.30am precisely, for the purpose of transacting the following business:

- 1 To receive the report of the directors and the financial statements for the year ended 31 May 1996.
- 2 To re-elect directors.
- 3 To re-appoint auditors.

Note: Any member entitled to attend shall be entitled to appoint another person (whether a member or not) as proxy to attend the vote on their behalf. A proxy shall not be entitled to vote, except on a poll.

By order of the board

  
D McCauley  
Secretary

(Shareholders are respectfully requested to notify the secretary of any change in address and to produce this report for admission to the meeting).

# Plymouth Argyle Football Company Limited

## Chairman's statement

I present these accounts with mixed feelings about the 1995/96 season. Whilst there was no one happier than myself when we clinched promotion at Wembley last May the financial position of the club has remained precarious. As I said in my statement last year every effort would be made to ensure we got out of division three as soon as possible. A club like Plymouth has no place in the basement division and it was therefore gratifying to see the efforts of all those associated with the club rewarded.

However, this success has not been without cost. The accounts show a level of profit which I think will shock the average supporter. In a season where we won promotion via the play-offs, had a good FA cup run and received substantial income from our televised matches it is extremely disappointing to report a profit of only £142,544. Indeed if we were to exclude just our surplus on transfer activities it is not difficult to see that the club would have reported a loss of the order of £300,000.

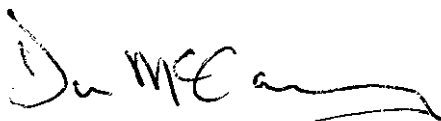
There are several reasons for this poor financial performance but in the main it has been the spiralling wage bill that has had the major effect. Unless the club's wage structure is kept under control this deficit will continue to grow. The performance of the club's commercial department has also been disappointing and improvements will be made as this source of income is essential to the future financial stability of the club.

I often hear it said that the club is bigger than any one person and of course it is. However, it would be naive for people to expect me not to take an active role in the running of the club when everytime the overdraft limit is breached it is my company that supplies more funds, around £100,000 last year. The increase in the loan from Rotolok should only serve to underline my total commitment to this club.

There has been the usual speculation in the press again about my relationship with the manager. I do not deny that there have been difficulties but none which cannot be overcome. I have appointed a new Chief Executive to the club and part of his duties will be to maintain a good working relationship between the Board and the rest of the staff. I firmly believe that we have the player base and management team in place to achieve promotion to the first division and this is the next goal everybody will be working towards.

I cannot let this opportunity pass without passing on my thoughts with regard to a new stadium for the City. This is the kind of development that is badly needed and I sincerely hope that we shall have constructive discussions with the City Council to ensure the football club's interests are protected in any future development. However, as I have said before, I think it is in the best interests of Argyle that assurances are sought from the outset that the football club can be run autonomously from the rest of the development.

There is much work which needs to be done both on and off the field and many matters which will need to be resolved in the current season. All of this is achievable with hard work and I and my fellow directors look forward to the rest of the season with anticipation.



Dan McCauley

10 October 1996

# Plymouth Argyle Football Company Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 1996.

### Principal activity

The principal activity of the company during the year continued to be that of a professional football club.

### Business review

The financial results for the year are set out on page 7.

### Land and buildings

Due to the unusual nature of the company's short term leasehold property, being a football stadium, the directors consider that its open market value would be difficult to determine.

However, they are of the opinion that the open market value of the company's land and buildings is not less than their book value of £763,312.

### Directors and directors' interests

The directors who held office during the year were as follows:

D McCauley (Chairman)  
DR Angille (resigned 7 December 1995)  
PD Bloom  
A Dooley (appointed 3 May 1996, resigned 24 June 1996)  
GE Jasper  
IJ Jones (resigned 15 November 1995)

PD Bloom retires by rotation and, being eligible, offers himself for re-election.

The directors who held office at the end of the financial year had the following interests in the ordinary shares of the company as recorded in the register of directors' share and debenture interests.

	Class of share	Interest at end of year	Interest at beginning of year
PD Bloom	25p ordinary	75	75
GE Jasper	25p ordinary	157	157
D McCauley	25p ordinary	75	75

# Plymouth Argyle Football Company Limited

## Directors' report *(continued)*

### Directors and directors' interests *(continued)*

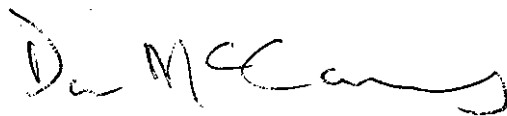
D McCauley's interest in the shares of the holding company are disclosed in the financial statements of that company. None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of group undertakings.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial period.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



D McCauley  
Secretary

Home Park  
Plymouth

# Plymouth Argyle Football Company Limited

## 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and detect fraud and other irregularities.



Phoenix House  
Notte Street  
Plymouth  
Devon PL1 2RT

## Report of the auditors to the members of Plymouth Argyle Football Company Limited

We have audited the financial statements on pages 7 to 17.

### *Respective responsibilities of directors and auditors*

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *Basis of opinion*

We conducted our audit in accordance with 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 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 of the state of affairs of the company as at 31 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

10 October 1996



# Plymouth Argyle Football Company Limited

## Profit and loss account for the year ended 31 May 1996

	Note	1996		1995	
		£	£	£	£
Turnover	2		3,653,333		2,066,384
Operating expenses	3		(3,479,753)		(2,582,210)
<b>Operating profit/(loss)</b>			<b>173,580</b>		<b>(515,826)</b>
Interest receivable		3,123		3,746	
Interest payable	5	(34,159)		(34,027)	
			<b>(31,036)</b>		<b>(30,281)</b>
<b>Profit/(loss) on ordinary activity before taxation</b>			<b>142,544</b>		<b>(546,107)</b>
Tax on profit/(loss) on ordinary activity	6		-		-
<b>Profit/(loss) on ordinary activity after taxation</b>			<b>142,544</b>		<b>(546,107)</b>
Accumulated loss brought forward			(1,953,498)		(1,407,391)
<b>Accumulated loss carried forward</b>			<b>(1,810,954)</b>		<b>(1,953,498)</b>

A statement of movements in shareholders' funds is given in note 13.

There were no acquisitions or discontinued operations within the company during the current or preceding financial year.

The company had no recognised gains or losses in either 1996 or 1995 other than the profit/(loss) for these years.



# Plymouth Argyle Football Company Limited

## Balance sheet at 31 May 1996

	Note	1996		1995	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		904,567		745,384
<b>Current assets</b>					
Stocks	8	28,896		17,777	
Debtors	9	485,747		213,947	
Cash at bank and in hand		201		296	
		<u>514,844</u>		<u>232,020</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,972,135)</u>		<u>(2,761,028)</u>	
<b>Net current liabilities</b>			<u>(2,457,291)</u>		<u>(2,529,008)</u>
<b>Total assets less current liabilities</b>			<u>(1,552,724)</u>		<u>(1,783,624)</u>
Deferred income	11		(228,230)		(139,874)
<b>Net liabilities</b>			<u>(1,780,954)</u>		<u>(1,923,498)</u>
<b>Capital and reserves</b>					
Called up share capital	12		15,000		15,000
Other reserves			15,000		15,000
Profit and loss account			<u>(1,810,954)</u>		<u>(1,953,498)</u>
<b>Equity Shareholders' funds</b>	13		<u>(1,780,954)</u>		<u>(1,923,498)</u>

These financial statements were approved by the board of directors on 10 October 1996 and were signed on its behalf by:



**D McCauley**  
Director

# Plymouth Argyle Football Company Limited

## Cash flow statement for the year ended 31 May 1996

	Note	1996		1995	
		£	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	<b>16</b>		<b>288,937</b>		<b>(460,073)</b>
<b>Returns on investments and servicing of finance</b>					
Interest paid		(37,194)		(26,592)	
Interest received		<u>3,123</u>		<u>3,888</u>	
<b>Net cash outflow from returns on investments and servicing of finance</b>			<b>(34,071)</b>		<b>(22,704)</b>
<b>Investing activities</b>					
Payments to acquire tangible fixed assets		(220,546)		(31,661)	
Receipts from sales of tangible fixed assets		855		4,100	
Receipts of capital grants		<u>109,954</u>		<u>-</u>	
<b>Net cash outflow from investing activities</b>			<b>(109,737)</b>		<b>(27,561)</b>
<b>Net cash inflow/(outflow) before financing</b>			<b>145,129</b>		<b>(510,338)</b>
<b>Financing</b>					
Finance leases	18	-		(14,092)	
Directors loans	18	(100,000)		(26,280)	
Parent undertaking	18	<u>75,000</u>		<u>170,000</u>	
<b>Net cash (outflow)/inflow from financing</b>			<b>(25,000)</b>		<b>129,628</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>17</b>		<b><u>120,129</u></b>		<b><u>(380,710)</u></b>

# Plymouth Argyle Football Company Limited

## Notes

*(Forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

These financial statements have been prepared under the historical cost rules, in accordance with applicable accounting standards and on a going concern basis which assumes that the company will continue to trade. The validity of this assumption is dependent upon the continued support of the holding company and the directors. If the company were unable to continue to trade adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities.

#### *Grants receivable*

Grants receivable are credited to deferred income in the balance sheet and are released to the profit and loss account on a basis consistent with the depreciation policy applied to the associated fixed asset.

#### *Fixed assets and depreciation*

The charge for depreciation is calculated to write down tangible fixed assets to their estimated residual values over their expected useful lives as follows:

Short term leasehold property	- Remaining life of the lease
Equipment	- 10% to 25% of the reducing balance
Motor vehicles	- 25% of the reducing balance
Computer software	- 20% of the reducing balance

#### *Leases*

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

The directors do not consider it appropriate to place any value on tax losses available for surrender to other members of the group.

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 1 Accounting policies (continued)

#### *Players' transfer fees*

Subject to contingent consideration (see note 15 (i)), transfer fees, payable or receivable, are accounted for in full in the accounting period in which the transfer takes place.

#### *Pension costs*

The company operates a defined contribution pension scheme arranged through the Football League. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value.

### 2 Turnover

This represents the amount receivable by the club from its activities excluding value added tax where appropriate.

	1996 £	1995 £
Match income	1,111,348	773,793
Football Association and League distributions	187,325	261,205
Lottery and commercial income	916,922	694,702
Other income	122,486	81,668
Donations	32,752	40,375
Transfer fee income	1,282,500	214,641
	<u>3,653,333</u>	<u>2,066,384</u>

### 3 Operating expenses

	1996 £	1995 £
Players and management expenses	1,384,677	1,119,269
Match expenses	179,387	223,237
Lottery and commercial expenses	675,366	504,265
Other administration and ground expenses	360,085	296,074
Transfer fees payable	809,147	384,120
Audit fee	5,000	5,500
Depreciation	83,355	55,389
Release of capital grant	(21,598)	(9,319)
Loss on disposal of fixed assets	1,768	495
Hire of plant and machinery - rentals payable under operating leases	1,866	2,480
Hire of other assets - operating leases	700	700
	<u>3,479,753</u>	<u>2,582,210</u>

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company during the year, analysed by category, was as follows:

	1996 No	1995 No
Directors	4	5
Full-time playing staff	26	22
Administration	15	13
Ground staff	11	9
Team management	4	5
Commercial	2	1
	<u>62</u>	<u>55</u>

The aggregate payroll costs of these persons were as follows:

	1996 £	1995 £
Wages and salaries	1,352,428	903,011
Social security costs	126,954	93,492
Other pension costs	10,000	10,000
	<u>1,489,382</u>	<u>1,006,503</u>

The directors received no emoluments during the year (1995:£nil).

The wages and salaries of the full-time playing staff, team and other management (including all joiners and leavers) were within the following ranges:

	1996 Number
£0 - £20,000	31
£20,001 - £35,000	9
£35,001 - £45,000	5
£45,001 - £55,000	4
£55,001 - £75,000	1
Over £100,000	1

### 5 Interest payable

	1996 £	1995 £
Bank and other loans repayable within five years	34,159	33,451
Finance lease charges	-	576
	<u>34,159</u>	<u>34,027</u>

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 6 Taxation

No provision for taxation is considered necessary in view of the level of available trading losses.

### 7 Tangible fixed assets

	Short-term leasehold property	Equipment	Motor Vehicles	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	1,004,740	196,880	64,342	1,265,962
Additions	145,479	46,067	63,615	255,161
Disposals	-	-	(48,819)	(48,819)
At end of year	<u>1,150,219</u>	<u>242,947</u>	<u>79,138</u>	<u>1,472,304</u>
<b>Depreciation</b>				
At beginning of year	336,021	136,461	48,096	520,578
Charged in year	50,886	15,654	16,815	83,355
Disposals	-	-	(36,196)	(36,196)
At end of year	<u>386,907</u>	<u>152,115</u>	<u>28,715</u>	<u>567,737</u>
<b>Net book value</b>				
At 31 May 1996	<u>763,312</u>	<u>90,832</u>	<u>50,423</u>	<u>904,567</u>
At 31 May 1995	<u>668,719</u>	<u>60,419</u>	<u>16,246</u>	<u>745,384</u>

### 8 Stocks

	1996 £	1995 £
Shop and programme stock	27,209	13,533
Lottery tickets	<u>1,687</u>	<u>4,244</u>
	<u>28,896</u>	<u>17,777</u>

### 9 Debtors

	1996 £	1995 £
Amounts owed by parent and fellow subsidiary undertakings	97,990	57,986
Transfer fees	84,375	18,750
Other debtors	299,882	127,173
Prepayments and accrued income	<u>3,500</u>	<u>10,038</u>
	<u>485,747</u>	<u>213,947</u>

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 10 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	515,460	635,684
Loan scheme (see below)	35,000	35,000
Directors' loan accounts (see below)	100,000	200,000
Trade creditors	325,331	88,998
Taxation and social security	188,978	185,070
Amounts owed to parent undertaking	1,594,371	1,494,313
Other creditors	171,328	121,963
Transfer fees	41,667	-
	<u>2,972,135</u>	<u>2,761,028</u>

#### Loan scheme:

These loans are unsecured, interest free and repayable at six months notice.

#### Directors' loan accounts:

These loans are unsecured, interest free and have no fixed repayment date.

#### Loan from parent undertaking:

This loan is unsecured, interest free and has no fixed repayment date.

### 11 Deferred income

	£
Capital grants	
At beginning of year	139,874
Grants received during year	109,954
Released to the profit and loss account	<u>(21,598)</u>
At end of year	<u>228,230</u>

### 12 Called up share capital

	1996 £	1995 £
<i>Authorised</i>		
60,000 Ordinary shares of 25p each	15,000	15,000
60,000 Preference shares of 25p each	<u>15,000</u>	<u>15,000</u>
<i>Allotted, called up and fully paid</i>		
60,000 Ordinary shares of 25p each	<u>15,000</u>	<u>15,000</u>

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 13 Reconciliation of movements on shareholders' funds

	1996 £	1995 £
Profit/(loss) for the financial year and net change in shareholders' funds	142,544	(546,107)
Opening shareholders' funds	<u>(1,923,498)</u>	<u>(1,377,391)</u>
Closing shareholders' funds	<u>(1,780,954)</u>	<u>(1,923,498)</u>

### 14 Capital commitments

The company had no contracted capital commitments at the end of the current or preceding financial year.

### 15 Contingent liabilities

- (i) In the course of its ordinary business in the player transfer market, the club has entered into contracts to buy and sell players where part of the consideration will only become payable/receivable dependent upon the players' professional performance, (e.g. number of first team appearances, goals scored etc). No account has been taken of any such potential expenditure or income arising after the year end.

#### (ii) Repayment of grants

If the club ceases to use its ground, all, or a proportion of the capital grants received in respect of ground improvements may become repayable. The maximum amount of this contingent liability cannot be quantified precisely without substantial further investigation but is estimated to be £324,000.

#### (iii) Annual commitments under non-cancellable operating leases are as follows:

	1996 £ Land and buildings	1995 £ Land and buildings
Operating leases which expire:		
Over five years	<u>700</u>	<u>700</u>
	<u>700</u>	<u>700</u>

- (iv) The company is party to a cross guarantee given in respect of other group companies. At 31 May 1996 the total exposure amounted to £2,599,509 (1995: £1,472,168).



# Plymouth Argyle Football Company Limited

## Notes (continued)

### 16 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	1996 £	1995 £
Operating profit/(loss)	173,580	(515,826)
Depreciation charge	83,355	55,389
Loss on disposal of tangible fixed assets	1,768	495
Release of capital grants	(21,598)	(9,319)
(Increase)/decrease in stocks	(11,119)	3
(Increase)/decrease in debtors	(271,800)	113,739
Increase/(decrease) in creditors	334,751	(104,554)
Net cash inflow/(outflow) from operating activities	<u>288,937</u>	<u>(460,073)</u>

### 17 Analysis of changes in cash and cash equivalents

	£
Balance at 1 June 1994	(254,678)
Net cash outflow	<u>(380,710)</u>
Balance at 31 May 1995	(635,388)
Net cash inflow	<u>120,129</u>
Balance at 31 May 1996	<u>(515,259)</u>

Analysis of the balances of cash and cash equivalents as shown in the balance sheet:

	1996 £	1995 £	Change in year £
Cash at bank and in hand	201	296	(95)
Bank overdraft	<u>(515,460)</u>	<u>(635,684)</u>	<u>120,224</u>
	<u>(515,259)</u>	<u>(635,388)</u>	<u>120,129</u>

# Plymouth Argyle Football Company Limited

## Notes (continued)

### 18 Analysis of changes in financing during the year

	Loan scheme	Directors loans	Loans from group companies	Finance leases	Total
	£	£	£	£	£
Balance at 1 June 1994	35,000	226,280	1,324,313	14,092	1,599,685
Capital repaid	-	-	-	(14,092)	(14,092)
Amounts repaid	-	(26,280)	-	-	(26,280)
Amounts received	-	-	170,000	-	170,000
Balance at 31 May 1995	35,000	200,000	1,494,313	-	1,729,313
Amounts repaid	-	(100,000)	-	-	(100,000)
Amounts received	-	-	75,000	-	75,000
Non cash transactions	-	-	25,058	-	25,058
Balance at 31 May 1996	<u>35,000</u>	<u>100,000</u>	<u>1,594,371</u>	<u>-</u>	<u>1,729,371</u>

### 19 Ultimate holding company

The company's ultimate holding company is Rotolok Holdings Limited which is incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of this company are available to the public and may be obtained from Companies House, Crown way, Cardiff.