

COMPANY REGISTRATION NUMBER 00224792

MORECAMBE FOOTBALL CLUB, LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 MAY 2011

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MORECAMBE FOOTBALL CLUB, LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

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MORECAMBE FOOTBALL CLUB, LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2011

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 May 2011

Principal activities and business review

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

The current financial year marked a new era in the 90 year history of Morecambe Football Club, Limited with a move into its new purpose built premises at the Globe Arena

As with many ventures of this kind, some unforeseen delays occurred during the course of the build project resulting in a delay in the stadium opening, which was originally anticipated to complete in July 2010. The stadium doors were successfully opened in August 2010, in time for a 1st round Carling Cup clash with Coventry City FC

In common with many other football clubs, the strategy behind a move to new premises with additional facilities was to introduce alternative income streams, which the Company could benefit from 365 days a year as opposed to being limited to matchdays. A strategy that is key to developing a long term sustainable business and results for this initial period show the further revenues that are now being generated

The new facilities offer a stadium capacity of 6,172, including 2,038 seated capacity in the Peter McGuigan Main Stand. The stand also comprises nine private executive boxes, the Wright & Lord Banqueting Suite, Club Shop, Globe Bar, office facilities and reception. The executive boxes which are available either as a full season or individual match basis, have proved very successful, achieving a 100% utilisation rate during this first season.

Increased revenues from football have largely been as a result of income derived from the Football League. Whilst revenue from the sale of season tickets rose 94%, average league attendances of 2,257 were very similar to those of the previous season (2009/10 2,262), this was despite a much less successful campaign on the pitch finishing 20th in the League (2009/10 4th). Delays in the completion of the stadium in turn led to a loss of revenue from being unable to host any pre-season friendly matches. Players' wages continue to be the largest element of expenditure but do show a small decrease on the prior year. During the year a profit of £49,305 was made from the sale of players (2009/10 £8,313).

The new premises have created commercial opportunities which are proving attractive to both local and national companies wishing to be associated with Morecambe Football Club, Limited and also in using the facilities for entertaining both their clients and staff. Current and future income has been secured from sponsorship agreements for the naming of the stadium and the home and away stands, all of which run for a five year period, expiring in 2015.

The most significant development in trading during the year is from hospitality. The Company now employs an in house team of catering, bars and hospitality staff who deliver a variety of events, including weddings, charity balls, conferences and presentation evenings and the flexibility of rooms can accommodate anywhere from 2 - 400 guests. The numerous accolades and prizes that have been achieved during this initial period reflect the standards that are being achieved and result in the venue already being recognised as a leading operator in the region. Due to opening in August 2010, the accounts only reflect a part year of trading from this area and with utilisation rates of less than 50%, there remains significant scope to develop this area of the business.

MORECAMBE FOOTBALL CLUB, LIMITED

THE DIRECTORS' REPORT (*continued*)

YEAR ENDED 31 MAY 2011

Going concern

The Company has traded at a loss during the year and has been reliant on the continued support of the Directors, particularly Peter McGuigan (Chairman & majority shareholder) in providing loans to maintain the cashflow of the business. The directors have confirmed that they are prepared to continue to support the company financially and therefore consider it appropriate for the accounts to be prepared on the going concern basis.

Future developments

Adjacent to the stadium, the Company owns over two acres of prime development land, which has the benefit of outline planning permission for a hotel, food and drink outlets, drive through restaurant, retail units and associated parking. This land offers future opportunities either as an income stream if developed by the Company or alternatively as a source of income from disposal.

Results and dividends

The loss for the year amounted to £634,944 after charging depreciation of £95,788. Particulars of dividends and other appropriations paid are detailed in note 7 to the accounts.

Financial risk management

The principal risks to the business are relegation from the Football League and the consequential loss of income this would cause, or if the Company were unable to secure sufficient finance from either the Directors or other sources to continue funding the cashflow requirements. These and other risks are monitored by the Board on a regular basis.

MORECAMBE FOOTBALL CLUB, LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2011

Directors

The directors who served the company during the year were as follows

Mr R H Taylor
Mr P M Cross
Mr M Mace
Mr G Hodgson
Mr P McGuigan
Mr S N Wright
Mr D Robinson
Mr M A W Dixon
Mr B Fagan
Mr G Howse
Mrs A Lumb

Mrs A Lumb was appointed as a director on 2 September 2010

Mr N Adams was appointed as a director on 16 February 2012

Directors' responsibilities

The directors are responsible for preparing the Directors' Report and the accounts in accordance with applicable law and regulations

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they 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 accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with the Companies Act 2006. 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

MORECAMBE FOOTBALL CLUB, LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2011

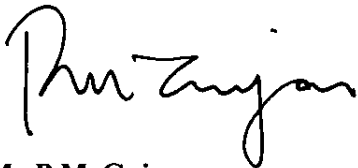
In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Auditor

Moore and Smalley LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed on behalf of the directors



Mr P McGuigan
Director

Approved by the directors on 26/02/12

MORECAMBE FOOTBALL CLUB, LIMITED

INDEPENDENT AUDITOR'S REPORT TO MORECAMBE FOOTBALL CLUB, LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 8 to 23, together with the accounts of Morecambe Football Club, Limited for the year ended 31 May 2011 prepared under Section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



Joyce Tombs (Senior Statutory Auditor)
For and on behalf of
Moore and Smalley LLP
Chartered Accountants & Statutory Auditor

Priory Close
St Mary's Gate
Lancaster
Lancashire
LA1 1XB

28/02/12.

MORECAMBE FOOTBALL CLUB, LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2011

	Note	2011 £	2010 £
Turnover		2,414,267	1,501,602
Cost of Sales and Other operating income		(2,643,828)	(2,028,192)
Administrative expenses		(402,583)	(193,746)
Operating loss	2	(632,144)	(720,336)
Interest receivable		829	73,558
Interest payable and similar charges	5	(3,629)	(838)
Loss on ordinary activities before taxation		(634,944)	(647,616)
Tax on loss on ordinary activities	6	—	—
Loss for the financial year		(634,944)	(647,616)

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

MORECAMBE FOOTBALL CLUB, LIMITED

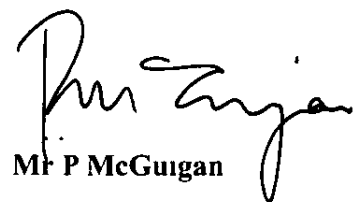
ABBREVIATED BALANCE SHEET

31 MAY 2011

	Note	2011 £	£	2010 £	£
Fixed assets					
Intangible assets	8		4,507		16,396
Tangible assets	9		9,179,153		8,499,682
			<u>9,183,660</u>		<u>8,516,078</u>
Current assets					
Stocks	10	25,491		6,831	
Debtors	11	245,609		660,524	
Cash at bank and in hand		12,589		109,360	
		<u>283,689</u>		<u>776,715</u>	
Creditors: amounts falling due within one year	12	<u>1,039,631</u>		<u>1,502,234</u>	
Net current liabilities			<u>(755,942)</u>		<u>(725,519)</u>
Total assets less current liabilities			<u>8,427,718</u>		<u>7,790,559</u>
Creditors: amounts falling due after more than one year	13		1,863,266		18,100
Government grants	15		44,355		51,374
			<u>6,520,097</u>		<u>7,721,085</u>
Capital and reserves					
Called-up equity share capital	17		1,123,585		1,118,585
Share premium account	18		10,000		10,000
Profit and loss account	18		5,386,512		6,592,500
Shareholders' funds	19		<u>6,520,097</u>		<u>7,721,085</u>

These abbreviated accounts have been prepared in accordance with the special provisions for medium-sized companies under section 445(3) of the Companies Act 2006

These abbreviated accounts were approved by the directors and authorised for issue on 28/02/12, and are signed on their behalf by



Mr P McGuigan

Company Registration Number 00224792

MORECAMBE FOOTBALL CLUB, LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MAY 2011

	Note	2011		2010	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	20		(838,359)		1,369,078
Returns on investments and servicing of finance	20		(2,800)		72,720
Capital expenditure and financial investment	20		(1,293,793)		(6,334,668)
Cash outflow before financing			(2,134,952)		(4,892,870)
Financing	20		1,856,525		74,728
Decrease in cash	20		(278,427)		(4,818,142)

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

1 Accounting policies

Basis of accounting

The accounts have been prepared under the historical cost convention

The directors have confirmed that they are prepared to continue to support the Club financially and therefore they consider it appropriate for the accounts to be prepared on the going concern basis

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts, to the extent that the company has a right to consideration arising from the performance of its contractual arrangements

Intangible fixed assets and amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Player contracts	over the period of the contracts
------------------	----------------------------------

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property	2% straight line
Motor vehicles	25% reducing balance
Plant and machinery	25% reducing balance

No depreciation is provided on freehold land

Stocks

Stock represents items held for resale and consumables and is valued at the lower of cost and net realisable value

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

1 Accounting policies (continued)

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

1 Accounting policies (continued)

Deferred grant income

Deferred grant income in respect of capital expenditure is treated as deferred income and credited to the profit and loss account over the estimated useful lives of the assets to which the grants related

2 Operating loss

Operating loss is stated after charging/(crediting)

	2011 £	2010 £
Amortisation of government grants	(7,019)	(6,000)
Amortisation of intangible assets	8,684	11,916
Depreciation of owned fixed assets	95,026	14,425
Depreciation of assets held under hire purchase agreements	762	1,642
Loss/(profit) on disposal of fixed assets	(49,305)	(25,913)
Auditor's remuneration		
- as auditor	4,500	4,500

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

3 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of players / management staff	23	22
Number of other football related staff	13	12
Number of shop staff	1	1
Number of hospitality staff	19	10
Number of support / administrative staff	11	6
	<u>67</u>	<u>51</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,875,602	1,522,481
Social security costs	164,357	117,612
	<u>2,039,959</u>	<u>1,640,093</u>

4 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2011 £	2010 £
Aggregate remuneration	<u>67,175</u>	<u>28,167</u>

5 Interest payable and similar charges

	2011 £	2010 £
Interest payable on bank borrowing	2,669	10
Finance charges	960	828
	<u>3,629</u>	<u>838</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

6 Taxation on ordinary activities

No taxation charge arises on the results for the current or previous year

The company has unrelieved trading losses of £3,460,967 (2010 - £2,528,524) that are available to be set against future trading profits

7 Dividends and other appropriations

Equity dividends

	2011 £	2010 £
Paid during the year		
Dividends on 'A' ordinary shares	<u>571,044</u>	<u>—</u>

Following the passing of a special resolution to increase the authorised share capital to 5,000,000 Ordinary shares of £1 each and 56,181 'A' Ordinary shares of £1 each, in August 2010 an ordinary resolution was passed reclassifying the Ordinary share capital of 1,123,585 £1 Ordinary shares into 1,067,404 £1 Ordinary shares and 56,181 £1 'A' Ordinary shares

The reclassification of the shares entitled the 'A' Ordinary shareholders to receive the distribution in specie as detailed below. The 'A' Ordinary shareholders have no rights in relation to the company.

A de-merger representing the transfer of the trade and associated assets and liabilities of the partially completed Community and Leisure Sports Facilities by distribution in specie to a new company, PMG Leisure Limited (which is owned by the 'A' ordinary shareholders of the Morecambe Football Club, Limited) took place on 27 August 2010.

As required by the agreement with Lancaster City Council to construct the Globe Arena, the company had a constructive obligation to complete the Community and Leisure Sports Facilities. At the time of the de-merger the company had to meet liabilities of £725,000 in relation to this obligation. In total, assets of £1,296,044 and liabilities of £725,000 were de-merged to facilitate the funding of this development. The cumulative effect of the transaction was a £571,044 reduction in the net assets of the company.

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

8 Intangible fixed assets

	Player contracts £
Cost	
At 1 June 2010	35,750
Additions	6,240
Disposals	(35,750)
At 31 May 2011	<u>6,240</u>
Amortisation	
At 1 June 2010	19,354
Charge for the year	8,684
On disposals	(26,305)
At 31 May 2011	<u>1,733</u>
Net book value	
At 31 May 2011	<u>4,507</u>
At 31 May 2010	<u>16,396</u>

Player contracts are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over the length of the contract

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

9 Tangible fixed assets

	Freehold property £	Leasehold property £	Motor vehicles £	Plant & Machinery £	Total £
Cost					
At 1 June 2010	1,300,000	7,045,152	3,950	204,896	8,553,998
Additions	1,153,901	600,901	–	316,502	2,071,304
Disposals	(1,250,531)	(45,514)	–	–	(1,296,045)
At 31 May 2011	1,203,370	7,600,539	3,950	521,398	9,329,257
Depreciation					
At 1 June 2010	–	–	2,909	51,407	54,316
Charge for the year	–	36,544	263	58,981	95,788
At 31 May 2011	–	36,544	3,172	110,388	150,104
Net book value					
At 31 May 2011	1,203,370	7,563,995	778	411,010	9,179,153
At 31 May 2010	1,300,000	7,045,152	1,041	153,489	8,499,682

During the year ended 31 May 2009 the company sold its long leasehold interest in Christie Park and at the same time the Trustees of the J B Christie Settlement sold their freehold interest in the property. The company subsequently purchased a freehold interest in the Westgate site to develop the new football stadium. In order to comply with the terms of the J B Christie Settlement on completion of the stadium the company was required to sell part of the freehold to the Settlement in return for which the Settlement granted to the company a long leasehold interest in this part of the property. This transaction took place during the current year and is represented by a disposal of £1 freehold property, and a leasehold addition of the same amount. Costs incurred by the company in the development of the new stadium before and after this transaction are treated as additions to leasehold property.

During the year the company distributed the freehold interest in the Community and Leisure Sports Facilities at the Westgate site as detailed in note 7 in order to facilitate the financing of the necessary construction work.

Hire purchase agreements

Included within the net book value of £9,179,153 is £9,398 (2010 - £9,302) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £762 (2010 - £1,642).

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

10 Stocks

	2011 £	2010 £
Goods for resale and consumables	<u>25,491</u>	<u>6,831</u>

11 Debtors

	2011 £	2010 £
Trade debtors	159,040	82,208
VAT recoverable	–	476,220
Other debtors	58,591	93,634
Prepayments and accrued income	<u>27,978</u>	<u>8,462</u>
	<u>245,609</u>	<u>660,524</u>

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdrafts	181,656	–
Trade creditors	556,893	1,270,573
PAYE and social security	57,955	56,252
VAT	53,914	–
Hire purchase agreements	5,421	930
Other creditors	19,768	17,900
Accruals and deferred income	<u>164,024</u>	<u>156,579</u>
	<u>1,039,631</u>	<u>1,502,234</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2011 £	2010 £
Bank overdrafts	181,656	–
Hire purchase agreements	<u>5,421</u>	<u>930</u>
	<u>187,077</u>	<u>930</u>

The overdraft is secured by personal guarantees granted by five of the directors totalling £200,000

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

13 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Hire purchase agreements	2,516	–
Other creditors	1,300	18,100
Directors' loan accounts	1,859,450	–
	<u>1,863,266</u>	<u>18,100</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2011 £	2010 £
Hire purchase agreements	<u>2,516</u>	<u>–</u>

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2011 £	2010 £
Amounts payable within 1 year	5,421	930
Amounts payable between 1 and 2 years	2,516	–
	<u>7,937</u>	<u>930</u>

15 Government grants

	2011 £	2010 £
Received and receivable:		
At 1 June 2010	358,602	348,414
Receivable during year	–	10,188
At 31 May 2011	<u>358,602</u>	<u>358,602</u>
Amortisation:		
At 1 June 2010	307,228	301,228
Credit to profit and loss account	7,019	6,000
At 31 May 2011	<u>314,247</u>	<u>307,228</u>
Net balance at 31 May 2011	<u>44,355</u>	<u>51,374</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

16 Commitments under operating leases

At 31 May 2011 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2011 £	2010 £
Operating leases which expire Within 2 to 5 years	<u>16,503</u>	<u>-</u>

17 Share capital

Authorised share capital:

	2011 £	2010 £
5,000,000 (2010 - 1,200,000) Ordinary shares of £1 each	5,000,000	1,200,000
56,181 'A' Ordinary shares of £1 each	56,181	-
	<u>5,056,181</u>	<u>1,200,000</u>

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
1,067,404 Ordinary shares (2010 - 1,118,585) of £1 each	1,067,404	1,067,404	1,118,585	1,118,585
56,181 'A' Ordinary shares of £1 each	56,181	56,181	-	-
	<u>1,123,585</u>	<u>1,123,585</u>	<u>1,118,585</u>	<u>1,118,585</u>

In June 2010 5,000 ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital

In August 2010 an ordinary resolution was passed reclassifying the ordinary share capital of 1,123,585 £1 ordinary shares into 1,067,404 £1 ordinary shares and 56,181 £1 'A' ordinary shares Further explanation of this transaction is contained within note 7

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

18 Reserves

	Share premium account £	Profit and loss account £
At 1 June 2010	10,000	6,592,500
Loss for the year	–	(634,944)
Distribution in specie (note 7)	–	(571,044)
At 31 May 2011	<u>10,000</u>	<u>5,386,512</u>

19 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the financial year	(634,944)	(647,616)
New ordinary share capital subscribed	5,000	35,000
Distribution in specie (note 9)	(571,044)	–
Net reduction to shareholders' funds	<u>(1,200,988)</u>	<u>(612,616)</u>
Opening shareholders' funds	7,721,085	8,333,701
Closing shareholders' funds	<u>6,520,097</u>	<u>7,721,085</u>

20 Notes to the cash flow statement

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

	2011 £	2010 £
Operating loss	(632,144)	(720,336)
Amortisation	8,684	11,916
Depreciation	95,788	16,067
Profit on disposal of fixed assets	(49,305)	(25,913)
Amortisation of government grants	(7,019)	(6,000)
(Increase)/decrease in stocks	(18,660)	11,657
Decrease in debtors	414,915	1,105,133
(Decrease)/increase in creditors	(650,618)	976,554
Net cash (outflow)/inflow from operating activities	<u>(838,359)</u>	<u>1,369,078</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

20 Notes to the cash flow statement (continued)

Returns on investments and servicing of finance

	2011	2010
	£	£
Interest received	829	73,558
Interest paid	(2,669)	(10)
Interest element of hire purchase	(960)	(828)
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(2,800)</u>	<u>72,720</u>

Capital expenditure

	2011	2010
	£	£
Payments to acquire intangible fixed assets	(6,240)	—
Payments to acquire tangible fixed assets	(1,346,304)	(6,395,606)
Receipts from sale of fixed assets	58,751	60,938
Net cash outflow from capital expenditure	<u>(1,293,793)</u>	<u>(6,334,668)</u>

Financing

	2011	2010
	£	£
Issue of equity share capital	5,000	35,000
Net inflow from other short-term creditors	1,868	15,400
Capital element of hire purchase	7,007	(3,960)
Net (outflow)/inflow from other long-term creditors	(16,800)	18,100
Directors' loans	1,859,450	—
New grants received	—	10,188
Net cash inflow from financing	<u>1,856,525</u>	<u>74,728</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2011

20 Notes to the cash flow statement (continued)

Reconciliation of net cash flow to movement in net debt

	2011		2010	
	£	£	£	£
Decrease in cash in the period	(278,427)		(4,818,142)	
Net (inflow) from other short-term creditors	(1,868)		(15,400)	
Cash outflow in respect of hire purchase	(7,007)		3,960	
Net cash outflow from/(inflow) from other long-term creditors	16,800		(18,100)	
Movement in net debt in the period		(270,502)		(4,847,682)
Net funds at 1 June 2010		72,430		4,920,112
Net debt at 31 May 2011		(198,072)		72,430

Analysis of changes in net debt

	At 1 Jun 2010 £	Cash flows £	At 31 May 2011 £
Net cash			
Cash in hand and at bank	109,360	(96,771)	12,589
Overdrafts	—	(181,656)	(181,656)
	109,360	(278,427)	(169,067)
Debt			
Debt due within 1 year	(17,900)	(1,868)	(19,768)
Debt due after 1 year	(18,100)	16,800	(1,300)
Hire purchase agreements	(930)	(7,007)	(7,937)
	(36,930)	7,925	(29,005)
Net debt	72,430	(270,502)	(198,072)