

COMPANY REGISTRATION NUMBER 00224792

MORECAMBE FOOTBALL CLUB, LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED
31 MAY 2012



MORECAMBE FOOTBALL CLUB, LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

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MORECAMBE FOOTBALL CLUB, LIMITED

COMPANY INFORMATION

The board of directors

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 G Howse
Mrs A Lumb
Mr N Adams

Company secretary

Mr G Howse

Registered office

Morecambe Football Club
Globe Arena
Westgate
Morecambe
Lancashire
LA4 4TB

Auditor

Moore and Smalley LLP
Chartered Accountants
& Statutory Auditor
Priory Close
St Mary's Gate
Lancaster
Lancashire
LA1 1XB

Bankers

Barclays Bank Plc
38 Market Street
Lancaster
Lancashire
LA1 1HR

MORECAMBE FOOTBALL CLUB, LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2012

The directors have pleasure in presenting their report and the accounts of the company for the year ended 31 May 2012

Principal activities and business review

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

Football income in the year included monies received from ESPN due to the FA Cup match against Sheffield Wednesday being televised. Also during the 11/12 season MFC won the League 2 Fair Play Award, due to the team's exceptional disciplinary record. The prize for this was £10,000 to spend on items that would assist with the training and development of the team, and this was received in November 2012.

The most significant development in trading during the year is from hospitality following the opening of the Globe Arena in August 2010. The 2010/11 hospitality income only reflected a part year of trading in this area. The 2011/12 accounts reflect a full year of trading and hospitality income in the year increased to £780,001 (2010/11 £580,300).

During the year 2011/12 Heads of Terms were signed to sell part of the land in front of the club to Marston's PLC. The sale of the land was successfully completed in October 2012 and the building works have already commenced.

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 £555,376. The directors have not recommended a dividend.

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 2012

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
Mr N Adams

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

Mr B Fagan retired as a director on 10 May 2012

Mrs A Lumb retired as a director on 25 October 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 2012

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 by order of the directors



Mr G Howse
Company Secretary

Approved by the directors on 20 02 13

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 6 to 23, together with the accounts of Morecambe Football Club, Limited for the year ended 31 May 2012 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.



Susanna Cassey (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

26 02 13

MORECAMBE FOOTBALL CLUB, LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2012

	Note	2012 £	2011 £
Turnover		2,610,707	2,414,267
Cost of Sales and Other operating income		(2,761,851)	(2,643,828)
Administrative expenses		(399,286)	(402,583)
Operating loss	2	(550,430)	(632,144)
Interest receivable		810	829
Interest payable and similar charges	5	(5,756)	(3,629)
Loss on ordinary activities before taxation		(555,376)	(634,944)
Tax on loss on ordinary activities	6	—	—
Loss for the financial year		(555,376)	(634,944)

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

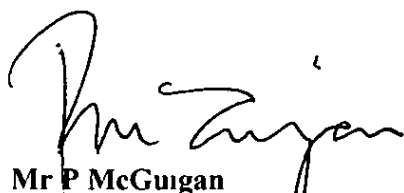
ABBREVIATED BALANCE SHEET

31 MAY 2012

	Note	2012 £	2011 £
Fixed assets			
Intangible assets	8	2,817	4,507
Tangible assets	9	9,078,315	9,179,153
		<u>9,081,132</u>	<u>9,183,660</u>
Current assets			
Stocks	10	21,539	25,491
Debtors	11	327,690	245,609
Cash at bank and in hand		18,754	12,589
		<u>367,983</u>	<u>283,689</u>
Creditors: amounts falling due within one year	12	<u>962,827</u>	<u>1,039,631</u>
Net current liabilities		<u>(594,844)</u>	<u>(755,942)</u>
Total assets less current liabilities		<u>8,486,288</u>	<u>8,427,718</u>
Creditors: amounts falling due after more than one year	13	2,359,231	1,863,266
Government grants	15	37,336	44,355
		<u>6,089,721</u>	<u>6,520,097</u>
Capital and reserves			
Called-up equity share capital	18	1,248,585	1,123,585
Share premium account	19	10,000	10,000
Profit and loss account	19	4,831,136	5,386,512
Shareholders' funds	20	<u>6,089,721</u>	<u>6,520,097</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 20 02 13, 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 2012

	Note	2012		2011	
		£	£	£	£
Net cash outflow from operating activities	21	(598,569)		(2,648,504)	
Returns on investments and servicing of finance	21	(4,946)		(2,800)	
Capital expenditure and financial investment	21	(8,669)		(772,054)	
Equity dividends paid		—		(571,044)	
Cash outflow before financing		(612,184)		(3,994,402)	
Financing	21	783,132		3,715,975	
Increase/(decrease) in cash	21	170,948		(278,427)	

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

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 income receivable, net of VAT, from football and related commercial activities Sponsorship and similar income is recognised over the duration of the respective contracts Gate and other match day revenues are recognised over the period of the football season as games are played Other corporate and hospitality revenues are recognised at the time of the event

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
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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	15% 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 2012

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 2012

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)

	2012 £	2011 £
Amortisation of government grants	(7,019)	(7,019)
Amortisation of intangible assets	5,156	8,684
Depreciation of owned fixed assets	104,631	95,026
Depreciation of assets held under hire purchase agreements	1,410	762
Loss/(Profit) on disposal of fixed assets	1,734	(49,305)
Auditor's remuneration - as auditor	<u>6,120</u>	<u>4,500</u>

The net profit on disposal of fixed assets above represents profits on player sales

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

3 Particulars of employees

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

	2012 No	2011 No
Number of players / management staff	28	23
Number of other football related staff	8	13
Number of shop staff	1	1
Number of hospitality staff	19	19
Number of support / administrative staff	7	11
	<u>63</u>	<u>67</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	1,888,190	1,876,790
Social security costs	159,926	169,169
	<u>2,048,116</u>	<u>2,039,959</u>

4 Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services were

	2012 £	2011 £
Aggregate remuneration	<u>38,008</u>	<u>67,175</u>

5 Interest payable and similar charges

	2012 £	2011 £
Interest payable on bank borrowing	4,620	2,669
Finance charges	1,136	960
	<u>5,756</u>	<u>3,629</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

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 £3,420,774 (2011 - £2,728,011) that are available to be set against future trading profits

7 Dividends and other appropriations

Equity dividends

	2012 £	2011 £
Paid during the year		
Dividends on 'A' ordinary shares	<u>—</u>	<u>571,044</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 2012

8 Intangible fixed assets

	Player contracts £
Cost	
At 1 June 2011	6,240
Additions	5,200
Disposals	(6,240)
At 31 May 2012	<u>5,200</u>
Amortisation	
At 1 June 2011	1,733
Charge for the year	5,156
On disposals	(4,506)
At 31 May 2012	<u>2,383</u>
Net book value	
At 31 May 2012	<u>2,817</u>
At 31 May 2011	<u>4,507</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 2012

9 Tangible fixed assets

	Freehold property £	Leasehold property £	Motor vehicles £	Plant & Machinery £	Total £
Cost					
At 1 June 2011	1,203,370	7,600,539	3,950	521,398	9,329,257
Additions	–	250	–	4,953	5,203
At 31 May 2012	1,203,370	7,600,789	3,950	526,351	9,334,460
Depreciation					
At 1 June 2011	–	36,544	3,172	110,388	150,104
Charge for the year	–	43,859	193	61,989	106,041
At 31 May 2012	–	80,403	3,365	172,377	256,145
Net book value					
At 31 May 2012	1,203,370	7,520,386	585	353,974	9,078,315
At 31 May 2011	1,203,370	7,563,995	778	411,010	9,179,153

Hire purchase agreements

Included within the net book value of £9,078,315 is £7,988 (2011 - £9,398) 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 £1,410 (2011 - £762)

10 Stocks

	2012 £	2011 £
Goods for resale and consumables	21,539	25,491

11 Debtors

	2012 £	2011 £
Trade debtors	216,729	159,040
Other debtors	86,557	58,591
Prepayments and accrued income	24,404	27,978
	327,690	245,609

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

12 Creditors: amounts falling due within one year

	2012	2011
	£	£
Overdrafts	16,873	181,656
Trade creditors	471,291	556,893
PAYE and social security	36,025	57,955
VAT	54,289	53,914
Hire purchase agreements	2,516	5,421
Other creditors	184,840	19,768
Accruals and deferred income	196,993	164,024
	<u>962,827</u>	<u>1,039,631</u>

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

	2012	2011
	£	£
Overdrafts	16,873	181,656
Other creditors including taxation and social security	180,000	—
Hire purchase agreements	2,516	5,421
	<u>199,389</u>	<u>187,077</u>

The overdraft is secured by personal guarantees granted by five of the directors totalling £300,000

Also included within other creditors is a loan of £180,000 which is secured by freehold land and buildings at the Globe Arena

13 Creditors: amounts falling due after more than one year

	2012	2011
	£	£
Hire purchase agreements	—	2,516
Other creditors	245,000	1,300
Directors' loan accounts	2,114,231	1,859,450
	<u>2,359,231</u>	<u>1,863,266</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

13 Creditors: amounts falling due after more than one year (continued)

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

	2012 £	2011 £
Other creditors	200,000	—
Hire purchase agreements	—	2,516
	<u>200,000</u>	<u>2,516</u>

Included within other creditors is a loan for £200,000 which is secured by the freehold land and buildings at the Globe Arena

14 Commitments under hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2012 £	2011 £
Amounts payable within 1 year	2,516	5,421
Amounts payable between 1 and 2 years	—	2,516
	<u>2,516</u>	<u>7,937</u>

15 Government grants

	2012 £	2011 £
Received and receivable:		
At 1 June 2011	358,602	358,602
At 31 May 2012	<u>358,602</u>	<u>358,602</u>
Amortisation:		
At 1 June 2011	314,247	307,228
Credit to profit and loss account	7,019	7,019
At 31 May 2012	<u>321,266</u>	<u>314,247</u>
Net balance at 31 May 2012	<u>37,336</u>	<u>44,355</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

16 Commitments under operating leases

At 31 May 2012 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2012	2011
	£	£
Operating leases which expire		
Within 2 to 5 years	<u>16,503</u>	<u>16,503</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

17 Related party transactions

The company is controlled by the board of directors

P M Cross, is a director of Morecambe Bay Wines and Spirits Limited During the year the company purchased goods and services from Morecambe Bay Wines and Spirits Limited for £143,773 (2011 - £126,512) and received income from them of £22,414 (2011 - £34,552) At the year end creditors include £52,197 (2011 - £62,390) payable to Morecambe Bay Wines and Spirits Limited and debtors include £42,540 (2011 - £41,437) due from them

S N Wright, is a partner in the firm of Wright and Lord, Solicitors During the year the company purchased services from Wright and Lord for £nil (2011 - £34,141) and received income from them of £10,190 (2011 - £8,091) At the year end creditors include £33,980 (2011 - £37,980) payable to Wright and Lord and debtors include £14,455 (2011 - £6,589) due from them

P McGuigan is a director and shareholder of PMG Global Limited and, M Dixon and B Fagan are also directors of this company During the year PMG Global Limited financed expenditure on behalf of the club totalling £44,388 (2011 - £28,569) and received income from them totalling £4,025 (2011 - £6,093) At the year end creditors include £36,467 (2011 - £68,542) due to PMG Global Limited and debtors include £nil (2011 - £3,003) due from them

P McGuigan, R Taylor and G Hodgson are directors and shareholders of PMG Leisure Limited During the year the club financed expenditure on behalf of the PMG Leisure Limited totalling £4,508 (2011 - £23,639) At the year end debtors include £5,410 (2011 - £nil) due from PMG Leisure Limited

All of the above transactions were on normal commercial terms

During the year directors advanced funds to the company totalling £299,911 and made withdrawals of £130 At the year end the company owed the directors £2,114,231 (2011 - £1,859,450) The full amount of this is included in creditors due after more than one year and no interest was charged by the directors during the year Included within other creditors greater than one year this year is an amount due to Bay Business Consultancy Limited of £45,000 This was included within directors' loan accounts due after more than one year last year G Hodgson is a director of Bay Business Consultancy Limited

N Adams is a director of Omega Holidays Group Limited During the year Omega Holidays Group Limited advanced funds of £290,000 (2011 £nil) to the Football Club and the Club repaid £90,000 (2011 £nil) leaving an outstanding creditor due in greater than one year of £200,000 (2011 £nil) at the year end

In August 2010 a share reorganisation was undertaken followed by a de-merger The de-merger represented 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 company) As required by the agreement 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 this obligation In total assets of £1,296,044 and liabilities of £725,000 were de-merged 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 2012

18 Share capital

Authorised share capital:

	2012 £	2011 £
5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000
56,181 'A' Ordinary shares of £1 each	56,181	56,181
	<u>5,056,181</u>	<u>5,056,181</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
1,192,404 Ordinary shares (2011 - 1,067,404) of £1 each	1,192,404	1,192,404	1,067,404	1,067,404
56,181 'A' Ordinary shares of £1 each	56,181	56,181	56,181	56,181
	<u>1,248,585</u>	<u>1,248,585</u>	<u>1,123,585</u>	<u>1,123,585</u>

In January 2012 125,000 (2011 5,000) ordinary shares of £1 each were allotted and fully paid at par for cash consideration to provide additional working capital

19 Reserves

	Share premium account £	Profit and loss account £
At 1 June 2011	10,000	5,386,512
Loss for the year	—	(555,376)
At 31 May 2012	<u>10,000</u>	<u>4,831,136</u>

20 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the financial year	(555,376)	(634,944)
New ordinary share capital subscribed	125,000	5,000
Equity dividends	—	(571,044)
Net reduction to shareholders' funds	<u>(430,376)</u>	<u>(1,200,988)</u>
Opening shareholders' funds	6,520,097	7,721,085
Closing shareholders' funds	<u>6,089,721</u>	<u>6,520,097</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

21 Notes to the cash flow statement

Reconciliation of operating loss to net cash outflow from operating activities

	2012 £	2011 £
Operating loss	(550,430)	(632,144)
Amortisation	5,156	8,684
Depreciation	106,041	95,788
Amortisation of government grants	(7,019)	(7,019)
Decrease/(increase) in stocks	3,952	(18,660)
(Increase)/decrease in debtors	(82,081)	414,915
Decrease in creditors	(74,188)	(2,510,068)
Net cash outflow from operating activities	<u>(598,569)</u>	<u>(2,648,504)</u>

Returns on investments and servicing of finance

	2012 £	2011 £
Interest received	810	829
Interest paid	(4,620)	(2,669)
Interest element of hire purchase	(1,136)	(960)
Net cash outflow from returns on investments and servicing of finance	<u>(4,946)</u>	<u>(2,800)</u>

Capital expenditure

	2012 £	2011 £
Payments to acquire intangible fixed assets	(5,200)	(6,240)
Payments to acquire tangible fixed assets	(5,203)	(2,071,304)
Receipts from sale of fixed assets	1,734	1,305,490
Net cash outflow from capital expenditure	<u>(8,669)</u>	<u>(772,054)</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

21 Notes to the cash flow statement (continued)

Financing

	2012	2011
	£	£
Issue of equity share capital	125,000	5,000
Net inflow from other short-term creditors	165,072	1,868
Capital element of hire purchase	(5,421)	7,007
Net inflow/(outflow) from other long-term creditors	243,700	(16,800)
Repayment of directors' long-term loans	254,781	3,718,900
Net cash inflow from financing	<u>783,132</u>	<u>3,715,975</u>

Reconciliation of net cash flow to movement in net debt

	2012	2011
	£	£
Increase/(decrease) in cash in the period	170,948	(278,427)
Net (inflow) from other short-term creditors	(165,072)	(1,868)
Cash outflow in respect of hire purchase	5,421	(7,007)
Net cash (inflow) from/outflow from other long-term creditors	(198,700)	16,800
Cash (inflow) from directors' long-term loans	<u>(299,781)</u>	<u>(3,718,900)</u>
Change in net debt resulting from cash flows	(487,184)	(3,989,402)
Non-cash adj to L/T Directors loans	—	1,859,450
Movement in net debt in the period	<u>(487,184)</u>	<u>(2,129,952)</u>
Net debt at 1 June 2011	<u>(2,057,522)</u>	<u>72,430</u>
Net debt at 31 May 2012	<u>(2,544,706)</u>	<u>(2,057,522)</u>

MORECAMBE FOOTBALL CLUB, LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2012

21 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At 1 Jun 2011 £	Cash flows £	At 31 May 2012 £
Net cash			
Cash in hand and at bank	12,589	6,165	18,754
Overdrafts	(181,656)	164,783	(16,873)
	<u>(169,067)</u>	<u>170,948</u>	<u>1,881</u>
Debt			
Debt due within 1 year	(19,768)	(165,072)	(184,840)
Debt due after 1 year	(1,860,750)	(498,481)	(2,359,231)
Hire purchase agreements	(7,937)	5,421	(2,516)
	<u>(1,888,455)</u>	<u>(658,132)</u>	<u>(2,546,587)</u>
Net debt	<u>(2,057,522)</u>	<u>(487,184)</u>	<u>(2,544,706)</u>