

Company Number 470509

Oxford United Football Club

Report and Accounts for
the year ended 30th June 1996



OXFORD UNITED FOOTBALL CLUB LIMITED

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OXFORD UNITED FOOTBALL CLUB LIMITED

DIRECTORS

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President

His Grace the Duke of Marlborough

Directors

R J Herd (Chairman)

K A Cox

N J Harris

D Smith (Director of Football)

G E Coppock (Special Director)

Company Secretary

N Towers

Manager

D Smith

Registered Office

Manor Ground

London Road

Headington

Oxford OX3 7RS

Registered Number

470509

These accounts show the position of the Club on 30th June 1996.

In the first half of the 1995/96 season the team fell into the lower half of Division 2. However, the final 17 games saw a memorable run with the team having to win its final game of the season to secure automatic promotion to Division 1. It was against Peterborough at the Manor, and on a beautiful day in every sense Oxford United won 4-0. Those of us who were there will never forget it.

The team also performed with credit in both main cup competitions.

The Youth team reached two finals. It beat Coventry in the first, and after leading 1-0 against Spurs in the second, lost 2-1 at the last gasp.

Denis Smith, the whole of his football staff and the players deserve the greatest praise.

Off the field we are all working flat out in the battle to turn Oxford United into a legally and financially stable club. I doubt that many of you find it interesting to read about our dealing with the inherited sagas, and I assure you that it is even less interesting to carry it out. However, it is vital that the Club becomes free of its serious Maxwell litigation and its substantial debts, and is able to complete and move to the new stadium. Achieving these objectives will enable the Club to generate the income necessary to wipe out its fundamental trading loss and help to ensure the bright future we all desire.

Some steps forward have been made in the strategy to arrive at such a situation.

Keith Cox and his Stadium team obtained planning permission and started construction of the new Stadium with Taylor Woodrow as the main contractors.

The non-football staff was reduced to its leanest feasible level, and new employees were long-standing supporters of the Club wherever possible. In particular the marketing side improved substantially and the shop was relocated. The financial improvements brought about by these changes will be reflected in next year's accounts.

Money was spent (wisely) to strengthen the team, and promotion to Division 1 was achieved.

During 1995/96 the following costs were incurred:-

Net player purchases plus associated costs of	£458,154
Existing contracted promotion bonuses of	£204,002
Net interest on the Club's debts of	£358,637
Exceptional items of	£45,000
A trading loss of	£854,694

The average trading loss for Division 1 and 2 clubs in 1995/96 was £672,000.

We are making progress in the long term strategy which is vital because it is difficult to see how a significant reduction in our trading loss can be made in the current situation. We have the smallest competitive squad consistent with a true intention to succeed, and the squad is well and fairly rewarded by the Division's standards. With the limitations set by the size of the Manor and an intention to keep ticket prices fair there is little scope to increase attendance income substantially.

Next season, however, should see improvements in many areas. For instance we can look to an increased income from the greater number of away supporters, an improved marketing situation, greater sponsorship thanks to Unipart and of course a significant increase in TV revenue.

Clearly much has already been achieved but there still remains much to be done. The Maxwell litigation. The substantial debt. The completion of the Stadium. The elimination of the trading loss. All of these require extensive effort and their successful conclusion should not be taken for granted. As I said last year the demanding nature of the work required to complete all this has exceeded my expectations and has made it impossible to devote as much time to other matters as I would have wanted.

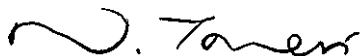
I have already acknowledged Denis and the footballing side, plus the marketing side led by Ian Davies. I would also like to thank the directors, Mick Brown and the rest of the non-football staff for their efforts in the year. Our supporters were magnificent in helping the team and me. I shall never forget the game at Crewe. Thank you.

R J Herd

The Directors present their Report and the Audited Accounts for the year ended 30th June 1996.

Principal Activity	The main activity of the Company is the running of a professional football club and activities related thereto.
Results	<p>The trading results for the year ended 30th June 1996 are set out on page 3. The Club recorded a consolidated loss after interest during the year of £1,920,487 compared with a loss of £1,724,669 in the year ended 30th June 1995.</p> <p>The Directors consider that the inclusion in the balance sheet of the current value of players and of the Manor Ground would exceed the deficiency of net assets.</p>
Review of business	A review of the Company's business is included within the Chairman's Statement.
Dividend	The directors do not recommend the payment of a dividend.
Fixed assets	Movements of fixed assets are detailed in Note 7 to the Accounts. As part of the Club's relocation plans it is intended that the Manor Ground will be sold and interest has been expressed by parties who may wish to purchase it. As a consequence the directors are confident that the market value of the land and buildings may be significantly higher than the book value at which they are stated in these accounts.
Directors	<p>The directors who held office during the year were as follows:</p> <p>R J Herd (Chairman) K A Cox N J Harris D Smith (Director of Football) G E Coppock (Special Director)</p>
Directors' Interests	The interests of directors in shares of the Company are set out on page 17.
Auditors	A resolution to re-appoint the auditors, Critchleys, and to fix their remuneration, will be proposed at the Annual General Meeting.
Special Director	A resolution will be proposed at the Annual General Meeting giving minority shareholders an opportunity to elect a Special Director until the next Annual General Meeting to represent their views on the Board of Directors. The current Special Director is Mr G E Coppock.
Allotment of shares	A resolution authorising the Directors to allot shares up to the aggregate of the increased authorised but unissued share capital of the Company for five years was passed at the Annual General Meeting held on 28th April 1994.
Subsequent Events	On 24th September 1996 the Company acquired 75% of the issued share capital of OUR Limited, the company which will develop and manage the Club's new stadium. On 7th November 1996 a resolution was passed for the name of OUR Limited to be changed to The Oxford Landmark Stadium Company Limited. Further subsequent events are described in Note 18.

By Order of the Board



N Towers
Secretary
22nd July 1997

We have audited the accounts on pages 3 to 17 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described below the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the treatment of monies received from PH(US)Inc and various other Maxwell private companies. Details of the circumstances relating to this fundamental uncertainty are described in Note 14. Our opinion is not qualified in this respect.

Going concern

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the availability of resources to enable the Company to continue trading. The accounts have been prepared on a going concern basis, the validity of which depends upon the future funding of the Company as detailed in Notes 1(a), 10 and 18.

The accounts do not include any adjustments that would result from the lack of future funding. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30th June 1996 and of the Group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

OXFORD

25th July 1997



CRITCHLEYS
Chartered Accountants
Registered Auditors

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company and of the results of the Company for that year. In preparing those accounts, the directors are required to select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the accounts; 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure the accounts 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.

OXFORD UNITED FOOTBALL CLUB LIMITED

Consolidated Profit and Loss Account for the year ended 30th June 1996

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		1996 £	1995 £
	Note		
Turnover	1(b)	2,225,049	1,809,856
Direct Operating costs		(2,534,839)	(2,147,523)
Gross loss		(309,790)	(337,667)
Administration expenses		(793,906)	(686,211)
Net loss on transfer dealings	1(e)	(458,154)	(436,330)
Net operating loss	3	(1,561,850)	(1,460,208)
Interest receivable and similar income		63,681	25,934
Interest payable and similar charges	2	(422,318)	(290,395)
Loss before and after tax	15	(1,920,487)	(1,724,669)

All activities are continuing. There were no gains or losses recognised during the year other than those shown above.

Reconciliation of movements in Shareholders' Funds

	1996 £	1995 £
Loss for the financial year	(1,920,487)	(1,724,669)
Opening shareholders' funds	(1,751,347)	(26,678)
Closing shareholders' funds	(3,671,834)	(1,751,347)

The notes on pages 7 to 17 form part of these accounts

Auditors' Report - page 2

OXFORD UNITED FOOTBALL CLUB LIMITED

Consolidated Balance sheet - 30th June 1996

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		1996		1995	
	Note	£	£	£	£
Tangible fixed assets	7		1,861,822		1,860,245
Current assets					
Stocks	9	62,556		48,187	
Debtors	10	2,183,183		880,433	
Bank balances and cash		26,897		8,637	
		<u>2,272,636</u>		<u>937,257</u>	
Creditors - amounts falling due within one year	11	(4,377,562)		(2,392,659)	
Net current liabilities			(2,104,926)		(1,455,402)
Total assets less current liabilities			(243,104)		404,843
Creditors - amounts falling due after more than one year	11		(3,428,730)		(2,156,190)
Net Liabilities			(3,671,834)		(1,751,347)
Capital and Reserves					
Called up share capital	13		283,742		283,742
Share premium account			6,426		6,426
Share contribution reserve	14		2,267,286		2,267,286
Revaluation reserve	15		975,336		975,336
Other reserves	15		40,184		40,184
Profit and loss account	15		(7,244,808)		(5,324,321)
Shareholders' Funds			(3,671,834)		(1,751,347)

R. J. Herd

R J Herd
Chairman

These accounts were approved by the Board of Directors on 22nd July 1997

The notes on pages 7 to 17 form part of these accounts

Auditors' Report - page 2

OXFORD UNITED FOOTBALL CLUB LIMITED

Balance Sheet - 30th June 1996

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		1996		1995	
	Note	£	£	£	£
Tangible fixed assets	7		1,848,683		1,842,721
Investments	8		37,481		20,862
			<u>1,886,164</u>		<u>1,863,583</u>
Current assets					
Stocks	9	48,484		35,608	
Debtors	10	2,170,124		878,288	
Bank balances and cash		7,397		2,665	
		<u>2,226,005</u>		<u>916,561</u>	
Creditors - amounts falling due within one year	11	(4,343,085)		(2,358,881)	
Net current liabilities			<u>(2,117,080)</u>		<u>(1,442,320)</u>
Total assets less current liabilities			<u>(230,916)</u>		<u>421,263</u>
Creditors - amounts falling due after more than one year	11		(3,411,535)		(2,130,104)
Net Liabilities			<u>(3,642,451)</u>		<u>(1,708,841)</u>
Capital and Reserves					
Called up share capital	13		283,742		283,742
Share premium account			6,426		6,426
Share contribution reserve	14		2,267,286		2,267,286
Revaluation reserve	15		1,034,547		1,034,547
Profit and loss account	15		(7,234,452)		5,300,842)
Shareholders' Funds			<u>(3,642,451)</u>		<u>(1,708,841)</u>

R J Herd

R J Herd
Chairman

The accounts were approved by the Board of Directors on 22nd July 1997

The notes of pages 7 to 17 form part of these accounts

Auditors' Report - page 2

OXFORD UNITED FOOTBALL CLUB LIMITED

Consolidated Cash Flow Statement for the year ended 30th June 1996

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	Note	1996		1995	
		£	£	£	£
Net cash outflow from operating activities	17(i)		(2,043,443)		(1,338,306)
Returns on investments and servicing of financing					
Interest received		8,030		3,379	
Interest paid		(344,623)		(229,285)	
Interest element of finance lease rental payments		-		(83)	
Net cash outflow from returns on investments and servicing of finance			(336,593)		(225,989)
Investing activities					
Purchase of tangible fixed assets		(16,557)		(6,410)	
Sale of tangible fixed assets		-		16,842	
Net cash (outflow)/inflow from investing activities			(16,557)		10,432
Net cash outflow before financing			(2,396,593)		(1,553,863)
Financing					
Loan from The Football Trust		(500,000)		-	
Loans from parent undertaking		-		217,439	
New loans from directors and connected persons		(905,092)		(1,382,299)	
Repayment of amounts borrowed		460,404		5,800	
Capital element of finance lease rental payments		-		1,067	
Net cash inflow from financing	17(iv)		(944,688)		(1,157,993)
Decrease in cash and cash equivalents	17(ii)		(1,451,905)		(395,870)
			(2,396,593)		(1,553,863)

The notes on pages 7 to 17 form part of these accounts

Auditors' Report - page 2

1.
Principal
accounting
policies

- a) The accounts are prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of land and buildings. The going concern basis has been used, despite the deficiency of net assets, because the Directors are confident that investment proposals currently under discussion with interested parties will result in funding sufficient to enable the Group to continue trading (see also notes 10 and 18).

The consolidated accounts incorporate the accounts of Oxford United Football Club Limited and its subsidiary. A separate profit and loss account dealing with the results of the Company only has not been presented as permitted by S230 of the Companies Act 1985.

- b) Turnover is stated net of value added tax and amounts due to the Football League, Football Association and visiting Football Clubs and includes gate receipts, sponsorships, advertising, fund raising, television fees, Football League pool, donations, Supporters Club bar turnover and sundry related income.
- c) Stocks are valued at the lower of cost and net realisable value.
- d) Depreciation on fixed assets, other than freehold properties, is calculated at rates varying between 10% and 33.33% on a straight line basis. Freehold properties are not depreciated.
- e) Fees payable and receivable on transfers of players' registrations, together with the associated Football League levies (net of refunds), are included in the profit and loss account during the period in which the transfer takes place.

Signing-on fees and loyalty bonuses are charged against the net gain or loss on transfer dealings in the year of payment.

- f) 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 interest charges, are included within creditors. Rentals payable are apportioned between the interest 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.

- g) The Company contributes to a defined contribution pension scheme in respect of certain employees. The cost of such contributions to the scheme is charged to the profit and loss account as incurred. The assets of the scheme are held separately from those of the Company in funds administered by the Football League Limited Pension and Life Assurance Scheme.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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		1996 £	1995 £
2.			
Interest payable and similar charges	Interest on bank and other loans wholly repayable within five years	289,506	95,242
	Interest on loans from parent undertakings	-	157,511
	Interest on finance leases	-	83
	Interest on loans from directors and connected persons	130,623	35,623
	Other interest	2,189	1,936
		<u>422,318</u>	<u>290,395</u>

		1996 £	1995 £
3.			
Net operating loss	Net operating loss is stated after charging:-		
	Directors' emoluments	105,178	-
	Depreciation and amortisation	28,104	28,458
	Auditors' remuneration	9,000	9,000
	Operating lease rentals -		
	Land and buildings	14,900	14,900
	Vehicles and equipment	20,567	18,732
	Compensation paid to former director	45,000	-

4.
Taxation

No provision is necessary for taxation as a result of losses brought forward. At 30th June 1996 the Club had taxation losses carried forward of approximately £7.5 million (1995 - £5.6 million). Accordingly no provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future.

5.		1996 £	1995 £
Directors' Emoluments			
	Directors' emoluments amounted to:		
	Remuneration as executives including bonuses	105,178	-
	Benefits in kind	12,920	-
	Pension costs	8,119	-
		<u>126,217</u>	<u>-</u>

Emoluments, excluding pension contributions, of the Chairman and highest paid director:

	£	£
Chairman	-	-
Highest paid director	118,098	-

Ranges of all directors' emoluments including expenses but excluding pension contributions and compensation for loss of office:

	Number	Number
Nil - £5,000	4	5
£115,001 - £120,000	1	-

Interests of directors in contracts of the Company are set out on page 17.

6.
Employee information The average monthly number of persons employed by the Group during the year ended 30th June 1996 is analysed below:-

	1996 number	1995 number
Playing staff (including managers and coaches)	34	49
Ground staff and stewards	77	84
Administration and marketing staff	12	16
Oxford United Supporters Club	21	18
	<u>144</u>	<u>167</u>
Employment costs for the group	1996 £	1995 £
Wages and salaries	2,087,670	1,763,334
Social Security costs	184,386	152,085
Other pension costs	58,640	51,808
	<u>2,330,696</u>	<u>1,967,227</u>

7.
Tangible fixed assets

	Total £	Freehold Property £	Leasehold Property £	Fixtures and Equipment £
Group				
Cost or valuation				
At 1st July 1995	2,300,152	1,800,000	13,006	487,146
Additions	16,556	-	-	16,556
Disposals	-	-	-	-
	<u>2,316,708</u>	<u>1,800,000</u>	<u>13,006</u>	<u>503,702</u>
Depreciation				
At 1st July 1995	439,907	-	5,394	434,513
Charge for the year	28,104	-	544	27,560
Adjustment for grants	(13,125)	-	-	(13,125)
	<u>454,886</u>	<u>-</u>	<u>5,938</u>	<u>448,948</u>
At 30th June 1996	454,886	-	5,938	448,948
Net book value at 30th June 1996	1,861,822	1,800,000	7,068	54,754
Net book value at 30th June 1995	1,860,245	1,800,000	7,612	52,633

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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7.
Tangible fixed
assets
(continued)

	Total £	Freehold Property £	Leasehold Property £	Fixtures and Equipment £
Company				
Cost or valuation				
At 1st July 1995	2,227,978	1,800,000	13,006	414,972
Additions	15,876	-	-	15,876
Disposals	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 1996	2,243,854	1,800,000	13,006	430,848
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1st July 1995	385,257	-	5,394	379,863
Charge for the year	23,039	-	544	22,495
Adjustment for grants	(13,125)	-	-	(13,125)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 1996	395,171	-	5,938	389,233
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value at 30th June 1996	1,848,683	1,800,000	7,068	41,615
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value at 30th June 1995	1,842,721	1,800,000	7,612	35,109
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The fixed assets are shown at cost except for the freehold property of the Company which is stated at the valuation carried out by Chartered Surveyors on an open market basis as at 30th June 1990. The cost of the freehold property under the historical cost accounting rules would be £676,157 (1995 : £676,157). Movements on the cost of freehold property are written off against the revaluation reserve.

8.
Invest-
ments

Investment in subsidiary undertaking:-

	1996 £	1995 £
Investment at cost	2	2
Amounts receivable	37,479	20,860
	<u> </u>	<u> </u>
	37,481	20,862
	<u> </u>	<u> </u>

The Company holds 100% (1995- 100%) of the issued share capital of Oxford United Supporters Club Limited, the accounts of which are included in the Group consolidation. Oxford United Supporters Club Limited is registered in England and carries on the business of running a football supporters' club.

9.
Stocks

	1996		1995	
	Group £	Company £	Group £	Company £
Playing gear	10,000	10,000	10,000	10,000
Goods for resale	48,353	36,553	34,678	23,526
Consumable items	4,203	1,931	3,509	2,082
	<u>62,556</u>	<u>48,484</u>	<u>48,187</u>	<u>35,608</u>

The replacement cost of stock held at 30th June 1996 was not significantly different from the historical cost shown above.

10.
Debtors

	1996		1995	
	Group £	Company £	Group £	Company £
New stadium development costs	1,932,493	1,932,493	702,052	702,052
Trade debtors	129,671	127,566	61,137	60,473
Other debtors	31,376	31,376	32,874	32,874
Amounts due from parent undertakings	73,638	73,638	67,308	67,308
Prepayments and accrued income	16,005	5,051	17,062	15,581
	<u>2,183,183</u>	<u>2,170,124</u>	<u>880,433</u>	<u>878,288</u>

New stadium development costs represent monies expended to date in initiating the project to relocate from the Manor Ground. A separate company has been formed to develop the new stadium which, when funded, will take over the relocation project and will repay the initial development costs to the Club. As a result of investment proposals currently under discussion with interested parties, the directors are confident that funding will be obtained to enable the Club to be repaid these monies in the foreseeable future together with further expenditure to be incurred on the stadium development (see note 18).

Amounts due from parent undertakings fall due after more than one year.

11.
Creditors

	1996		1995	
	Group £	Company £	Group £	Company £
Amounts falling due within one year:-				
Bank loan and overdraft (see note 12)	2,316,635	2,316,635	846,470	846,470
Season ticket income in advance	287,930	287,930	155,417	155,417
Other income received in advance	39,816	38,837	17,076	15,988
Trade Creditors	1,045,082	1,029,489	484,834	469,800
Taxation and social security	181,085	175,735	58,120	53,078
Loans from directors and connected persons	325,232	325,232	756,171	756,171
Other loans	108,896	99,996	8,900	-
Accruals	72,886	69,231	65,671	61,957
	<u>4,377,562</u>	<u>4,343,085</u>	<u>2,392,659</u>	<u>2,358,881</u>

11.
Creditors
(continued)

	1996		1995	
	Group £	Company £	Group £	Company £
Amounts falling due after more than one year:-				
Loans from directors and connected persons	1,531,220	1,531,220	626,128	626,128
Other loans	1,897,510	1,880,315	1,530,062	1,503,976
	<u>3,428,730</u>	<u>3,411,535</u>	<u>2,156,190</u>	<u>2,130,104</u>

The main terms of significant items included in other loans (whether due within or after more than one year) are as follows:-

- (a) £1,496,997 (1995 - £1,503,976) is due to Energy Holdings Limited. Interest is charged at 3% over Lloyds Bank base rate; the initial repayment date was set at 1st July 1997 but proposals are being discussed to defer repayment until the Manor Ground is sold.
- (b) £483,314 (1995 - £nil) represents the outstanding balance of a loan of £500,000 from The Football Trust. The loan is interest free and is repayable in 60 equal monthly instalments.

12.
Secured
borrowings

The Bank overdraft is secured by way of a fixed charge on the freehold property of the Company and a floating charge on the other assets of the Company. Mr R J Herd has also personally guaranteed amounts due to the Club's bankers. The amounts due to the former ultimate parent company are secured by a second charge over the freehold property of the Company. Loans from directors and connected persons are secured by a further legal charge over the freehold property of the Company.

13.
Share Capital

	1996 and 1995	
	Authorised	Issued and fully paid
Ordinary Shares of £7 each	5,600	5,600
Ordinary shares of £1 each	1,354,400	138,142
5.25% preference shares of £1 each	140,000	140,000
	<u>1,500,000</u>	<u>283,742</u>

The Company has 434 shareholders (1995 : 433)

The rights conferred by the ordinary shares are as follows:

- (a) Ordinary shares carry one vote for every £1 of nominal capital. Subject to this, the ordinary shares of £7 each and the ordinary shares of £1 each rank pari passu in all respects and constitute one class.
- (b) No dividend can exceed the maximum allowed from time to time by the Football Association. Subject thereto and the Companies Act 1985 interim dividends may be declared and paid by the directors in their discretion if the profits so justify. Subject as above the payment of final dividends requires an ordinary resolution.
- (c) Ordinary shares are not redeemable.
- (d) On a winding up the ordinary shares rank behind the preference shares in respect of any surplus assets but if such surplus assets are more than sufficient to pay to members the whole amount paid up on their shares, the balance shall be given to the Football Association Benevolent Fund or to some other similar club or institute in Oxfordshire.

13.
Share Capital
(continued)

The rights conferred by the preference shares are as follows:-

- (a) Holders are entitled to a fixed preferential dividend at the rate of 5.25% per annum on the amounts for the time being paid up thereon. This dividend ranks for payment in priority to the payment on other shares of the Company and is payable in respect of any accounting reference period (if and so far as, in the opinion of the Directors, the profits of the Company justify such payment) six months after the accounting reference date which concludes that period, provided such preference shares were in issue during the whole of such period.
- (b) On a winding up or other repayment of capital, holders are entitled to have the assets of the Company available for distribution amongst the members applied, in priority to any other class of shares, in paying to them pari passu the capital paid up on their preference shares.
- (c) Holders are not entitled to receive notice of or attend or vote at any General Meeting unless the business of the meeting includes the consideration of a resolution for winding up the Company or reducing its share capital.
- (d) Holders do not have the right to any further or other participation in the profits or assets of the Company.
- (e) Preference shares are not redeemable.

14.
Share
Contribution
Reserve

The share contribution reserve represents amounts contributed to the Company during the period July 1989 to February 1991 by PH(US)Inc and various other Maxwell private companies. In the accounts for the year ended 30th June 1991, the amounts contributed were treated as a loan on which interest was accrued. The current Directors considered that the use of the share contribution reserve was a more appropriate treatment, and the accounts for the year ended 30th June 1992 and subsequent years have been presented accordingly. Interest has not been accrued on the share contribution reserve.

15.
Reserves

	1996		1995	
	Group £	Company £	Group £	Company £
Revaluation reserve				
On land and buildings	975,336	1,034,547	975,336	1,034,547
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other reserves				
Preacquisition reserves re subsidiary	40,184	-	40,184	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Profit and loss account				
At 1st July 1995	(5,324,321)	(5,300,842)	(3,599,652)	(3,569,295)
Loss for the year	(1,920,487)	(1,933,610)	(1,724,669)	(1,731,547)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 1996	(7,244,808)	(7,234,452)	(5,324,321)	(5,300,842)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

All Shareholders' Funds, with the exception of preference share capital of £140,000 (1995: £140,000) relate to equity shares.

16.
Provisions for
liabilities and
charges

Provision for capital gains tax of approximately £307,000 (1995: 313,000) which could arise on the sale of the freehold property has not been made as such tax will be deferred by rollover relief on the development of the new site.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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17. Notes to the cash flow statement (i) Reconciliation of operating loss to net cash outflow from operating activities

	1996 £	1995 £
Operating loss	(1,561,850)	(1,460,208)
Depreciation charges	28,104	28,458
Capital grant adjustment	(13,125)	-
Profit on sale of tangible fixed assets	-	(3,625)
Increase in stocks	(14,369)	(17,158)
(Increase)/decrease in debtors	(1,247,099)	302,493
Increase/(decrease) in creditors	767,987	(185,124)
Write off of loans by way of discount	(3,091)	(3,142)
	<u>(2,043,443)</u>	<u>(1,338,306)</u>

(ii) Analysis of changes in cash and cash equivalents during the year

	1996 £	1995 £
At 1st July 1995	(837,833)	(441,963)
Net cash outflow	<u>(1,451,905)</u>	<u>(395,870)</u>
At 30th June 1996	<u>(2,289,738)</u>	<u>(837,833)</u>

(iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in Year £
Bank balances and cash	26,897	8,637	18,260
Bank loan and overdraft	<u>(2,316,635)</u>	<u>(846,470)</u>	<u>(1,470,165)</u>
	<u>(2,289,738)</u>	<u>(837,833)</u>	<u>(1,451,905)</u>

17.
Notes to the cash flow statement (continued)
- (iv) Analysis of changes in financing during the year

	1996		1995	
	Share Capital £	Loans and finance lease obligations £	Share Capital £	Loans and finance lease obligations £
At 1st July 1995	283,742	2,921,261	283,742	1,766,410
Cash inflows from financing		944,688	-	1,157,993
Write off of loans by way of discount	-	(3,091)	-	(3,142)
At 30th June 1996	<u>283,742</u>	<u>3,862,858</u>	<u>283,742</u>	<u>2,921,261</u>

18.
Subsequent Events and Capital Commitments

Since the balance sheet date the Club has paid a deposit of £100,000 on a 125 year lease over land from Oxford City Council with the benefit of planning and development agreements for the construction of a new stadium. As part of the above arrangements it is envisaged that the lease will be assigned in due course to the stadium development company.

Following the acquisition of this lease, work on the construction of the new stadium has commenced and at the date of approval of these accounts work to the value of approximately £6 million has been completed.

At 30th June 1996 the total capital expenditure authorised by the directors, but not contracted for, was £23 million (1995: £nil)

19.
Operating lease Commitments

Rentals payable in the next year under operating leases terminating:-

	1996		1995	
	Vehicles and Equipment £	Land and Buildings £	Vehicles and Equipment £	Land and Buildings £
Within one year	2,374	-	-	-
In 2 to 5 years	9,334	-	10,599	-
Over 5 years	-	14,900	-	14,900
	<u>11,708</u>	<u>14,900</u>	<u>10,599</u>	<u>14,900</u>

20.
Directors' interests in transactions

The interests of directors in shares and in contracts of the Company are set out on page 17.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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21.
Contingencies
- On 18th September 1995 a writ was issued against the Company by Headington Holdings Limited (In Administration) claiming the sum of £2,597,947 together with interest and costs. This action represents an assignment of the claim described in note 14 alleging that amounts contributed to the Club by PH(US)Inc and various other Maxwell private companies are repayable. The claim is being strongly resisted. Liability is denied and the Club has served a Defence and Counterclaim. No provision has been made in the accounts for this claim.
22.
Ultimate parent
Company
- The ultimate holding Company is OU (Holdings) Limited, a company registered in England.

- (i) Interests in shares Interests of directors holding office at 30th June 1996 and their families as shown in the Company's Register of Directors' Interests are as follows:-

	30th June 1996 and 30th June 1995	
	Ordinary shares	
	£1	£7
R J Herd	126,933	200
K A Cox	200	-
G E Coppock	189	62

- (ii) Material interests in contracts Mr K A Cox is a partner in Cox Clitheroe, a firm which provides legal services to the Company. New stadium development costs include a charge of £235,881 (of which £7,631 represents disbursements) in respect of such services covering the period 24th June 1994 to 30th June 1996. £178,525 of this total relates to the period prior to 30th June 1995 although only £6,297 of disbursements had been invoiced at that date.

- (ii) Loans The analysis of loans from directors and connected persons is as follows:

	1996 £	1995 £
Within one year -		
Loan from Biomass Recycling Limited	325,232	257,287
Other loans from Robin Herd and connected persons	-	498,884
	<u>325,232</u>	<u>756,171</u>
After more than one year -		
Loan from The Robert Herd Pension Fund	1,089,846	626,128
Loan from Robin Herd Limited	441,374	-
	<u>1,531,220</u>	<u>626,128</u>

Mr R J Herd is a director and shareholder of Biomass Recycling Limited and of Robin Herd Limited. He is also a beneficiary of the The Robert Herd Pension Fund. Mr K A Cox is a director of Biomass Recycling Limited.

The main terms of the above loans at 30th June 1996 are as follows:

- Amounts due to Biomass Recycling Limited do not have a specific repayment date and do not carry a specific interest charge but a finance charge may be agreed by the parties at the time of repayment.
- The loan from the Robert Herd Pension Fund carries interest at 3% above base rate. At 30th June 1996 interest had been accrued but in order to assist the Club Mr Herd had not asked for it to be paid. Of the total £620,000 plus associated interest is repayable on 24th May 2000; the balance is repayable on 10th October 2000.
- The loan from Robin Herd Limited carries interest at 3% above base rate but has no specific repayment date. At 30th June 1996 interest had been accrued but in order to assist the Club Mr Herd had not asked for it to be paid.