

OXFORD UNITED FOOTBALL CLUB LIMITED



Report and Accounts for
the year ended 30th June 2004

OXFORD UNITED FOOTBALL CLUB LIMITED

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OXFORD UNITED FOOTBALL CLUB LIMITED

DIRECTORS

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Directors

F A Kassam (Chairman)
A D Tawakley

Company Secretary

A D Tawakley

Registered Office

Kassam Stadium
Grenoble Road
Oxford
OX4 4XP

Registered Number

470509

OXFORD UNITED FOOTBALL CLUB LIMITED

Directors' Report to the Shareholders

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The Directors present their Report and the Audited Accounts for the year ended 30th June 2004.

Principal activity	The main activity of the Company is the running of a professional football club and activities related thereto.
Results	The trading results for the year ended 30 th June 2004 are set out on page 3. The Club recorded a Profit before and after taxation of £3,320 (2003: £116,783 loss).
Review of Business	<p>The Club had a successful year and was in the automatic promotion or in the play-off for a major part of the season. However at the end of the season the Club finished at 9th position in Division 3 of the Nationwide Football League.</p> <p>The Club did not enjoy much success in any of the Cup runs and was knocked out of these competitions in the first round except in the Carling Cup where the Club lost to Reading in the second round.</p> <p>The Club wishes to thank the supporters, sponsors and staff for their continued support.</p>
Dividend	The directors do not recommend the payment of a dividend.
Fixed assets	<i>Movement of fixed assets are detailed in Note 7 to the Accounts.</i>
Directors	<p>The directors who held office during the year were as follows:-</p> <p>F A Kassam A D Tawakley F W Higgins (resigned 21st June 2004)</p>
Directors' Interest	Directors' material interests in the shares of the company are set out in Note 17.
Auditors	A resolution to re-appoint the auditors, Critchleys, and to fix their remuneration, will be proposed at the Annual General Meeting.

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.

On behalf of the Board


F A Kassam
Director

Date: 21st January 2005

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF OXFORD UNITED FOOTBALL CLUB LIMITED

We have audited the financial statements of Oxford United Football Club Limited for the year ended 30th June 2004, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention, and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report, is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Audit Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FUNDAMENTAL UNCERTAINTY 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 support of the Company's ultimate parent company as referred to in note 1(a).

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

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date:

26/1/05

CRITCHLEYS
Chartered Accountants
Registered Auditors
Oxford

OXFORD UNITED FOOTBALL CLUB LIMITED

Profit and Loss Account for the year ended 30th June 2004

		2004 £	2003 £
	Note		
Turnover	1(b)	2,597,141	2,981,596
Direct Operating costs		(1,888,038)	(1,960,902)
Gross Profit		709,103	1,020,694
Administration expenses		(836,006)	(931,363)
Operating (Loss) / Profit before amortisation of players	3	(126,903)	89,331
Amortisation of players		-	(79,882)
Profit / (Loss) on disposal of players		200,000	(44,625)
Operating Profit / (Loss)		73,097	(35,176)
Interest receivable and similar income		7,919	10,955
Interest payable and similar charges	2	(77,696)	(92,562)
Profit / (Loss) before and after taxation	13	3,320	(116,783)

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

	2004 £	2003 £
Profit / (Loss) for the financial year	3,320	(116,783)
Opening shareholders' funds	(2,018,206)	(1,901,423)
Closing shareholders' funds	(2,014,886)	(2,018,206)

The notes on pages 6 to 12 form part of these accounts.

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OXFORD UNITED FOOTBALL CLUB LIMITED

Balance Sheet as at 30th June 2004

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		2004	2003
		£	£
	Note		
Fixed assets			
Tangible assets	7	13,023	26,502
Investment	8	2	2
		<u>13,025</u>	<u>26,504</u>
Current assets			
Stocks	9	57,122	38,046
Debtors	10	128,024	70,715
Bank balances and cash		53,103	454,258
		<u>238,249</u>	<u>563,019</u>
Creditors – amounts falling due within one year	11	(684,700)	(801,480)
		<u></u>	<u></u>
Net current liabilities		(446,451)	(238,461)
		<u></u>	<u></u>
Total assets less current liabilities		(433,426)	(211,957)
		<u></u>	<u></u>
Creditors – amounts falling due after more than one year	11	(1,581,460)	(1,806,249)
		<u></u>	<u></u>
Net Liabilities		(2,014,886)	(2,018,206)
		<u></u>	<u></u>
Capital and Reserves			
Called up share capital	12	283,667	283,667
Share premium account		6,426	6,426
Capital redemption reserve	13	75	75
Profit and loss account	13	(2,305,054)	(2,308,374)
		<u></u>	<u></u>
Shareholders' Funds		(2,014,886)	(2,018,206)
		<u></u>	<u></u>

These accounts were approved by the Board of Directors on 21st January 2005

F A Kassam
Director

The notes on pages 6 to 12 form part of these accounts

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OXFORD UNITED FOOTBALL CLUB LIMITED

Cash Flow Statement for the year ended 30th June 2004

		2004		2003	
		£	£	£	£
	Note				
Net cash inflow (outflow) from operating activities	18 (i)		80,295		(132,575)
Returns on investments and servicing of financing					
Interest received		7,919		10,955	
Interest paid		(77,696)		(92,561)	
		<u> </u>		<u> </u>	
Net cash outflow from returns on investments and servicing of finance			(69,777)		(81,606)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,579)		(7,098)	
Sale of player registrations		-		6,000	
Sale of leasehold		-		1,000	
		<u> </u>		<u> </u>	
Net cash outflow from capital expenditure and financial investment			(1,579)		(98)
Financing					
(Decrease)/Increase in loans from group undertakings		(372,329)		519,206	
Repayment of amounts borrowed - other loans		(98,047)		(99,996)	
		<u> </u>		<u> </u>	
Net cash outflow financing	18(ii)		(470,376)		419,210
			<u> </u>		<u> </u>
(Decrease)/increase in cash and cash equivalents	18(ii)		(461,437)		204,931
			<u> </u>		<u> </u>

The notes on pages 6 to 12 form part of these accounts

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OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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1. Principal accounting policies
- (a) The accounts are prepared in accordance with applicable accounting standards and under the historical cost convention. The going concern basis has been used, despite the deficiency of net assets, because the ultimate parent company has indicated an intention, barring unforeseen circumstances, to provide or procure funding sufficient to enable the Company to continue trading for at least one year from the date of approval of these accounts.
 - (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, sponsorship, advertising, fund-raising, television fees, Football League pool, donations and sundry related income.
 - (c) Stocks are valued at the lower of cost and net realisable value.
 - (d) Depreciation on fixed assets is calculated at 25% per annum on a straight line basis.
 - (e) The element of a player's transfer fee which relates to his registration, together with associated costs, is capitalised as an intangible asset and amortised over the period of his contract including any subsequent agreed extension. No provision is made for the value of players developed within the Company.

Signing-on-fees and loyalty bonuses are included within direct operating costs in the year of payment.
 - (f) Where the Company enters into a lease which entails taking substantially all the risks and rewards 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 schemes are held separately from those of the Company, mainly in funds administered by the Football League Limited Pension and Life Assurance Scheme.

2. Interest payable and similar charges		2004 £	2003 £
	Interest on amounts due to Inland Revenue	4,115	-
	Interest on bank and other loans wholly repayable within five years	323	376
	Interest on loans from directors and connected persons	73,258	92,186
		<hr/>	<hr/>
		77,696	92,562
		<hr/>	<hr/>

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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		2004 £	2003 £
3.			
Operating profit/(loss)	Operating profit/(loss) is stated after charging:-		
	Depreciation of tangible fixed assets	15,058	12,364
	Auditors' remuneration	8,000	8,000
	Operating lease rentals –		
	Land and buildings	272,244	264,516

4.			
Taxation	No provision is necessary for taxation as a result of losses incurred. Accordingly no provision has been made for deferred taxation as no liability is expected to arise in the foreseeable future.		

5.			
Directors' Emoluments	No director received any emoluments from the Company in the year ended 30 th June 2004 (2003 : £nil).		

6.			
Employee Information	The average monthly number of persons employed by the Company during the year ended 30 th June 2004 was:		

	2004 Number	2003 Number
Playing staff (including managers and team coaches)	40	42
Ground staff	2	2
Administration and marketing staff	9	11
	<u>51</u>	<u>55</u>

The above figures exclude persons who work a few hours only on matchdays or coaching on youth development sessions.

Employment costs for the company	2004 £	2003 £
Wages and salaries	1,638,896	1,725,171
Social Security costs	163,942	168,958
Other pension costs	2,598	4,129
	<u>1,805,436</u>	<u>1,898,258</u>

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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7.
Tangible fixed
assets

	Total		Fixtures And Equipment £	Motor Vehicles £
	£			
Cost or valuation At 1 st July 2003	49,455		39,455	10,000
Additions	1,579		1,579	-
At 30 th June 2004	51,034		41,034	10,000
Depreciation				
At 1 st July 2003	22,953	-	17,953	5,000
Charge for the year	15,058	-	10,258	4,800
At 30 th June 2004	38,011	-	28,211	9,800
Net book value at 30 th June 2004	13,023	-	12,823	200
Net book value at 30 th June 2003	26,502		21,502	5,000

8.
Investments

Investments in subsidiary undertakings:-

	2004 £	2003 £
Investments at cost	2	2

The Company holds 100% (2003:100%) of the issued share capital of Oxford United Supporters Club Limited. Oxford United Supporters Club Limited is registered in England and remained dormant during the year.

9.
Stocks

	2004 £	2003 £
Playing gear	4,234	3,953
Goods for resale	52,888	34,093
	57,122	38,046

The replacement cost of stock held at 30th June 2004 was not significantly different from the historical cost shown above.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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10. Debtors	2004 £	2003 £
Trade debtors	50,211	10,583
Other debtors	63,834	40,291
Prepayments and accrued income	12,375	18,237
Amounts owed by group undertakings	1,604	1,604
	<hr/>	<hr/>
	128,024	70,715
	<hr/>	<hr/>

11. Creditors	2004 £	2003 £
(1) Amounts falling due within one year:		
Bank overdraft	60,282	-
Income received in advance	321,409	222,269
Trade creditors	47,008	34,981
Taxation and social security	64,009	51,837
Other creditors	58,846	113,225
Accruals	9,079	9,514
Other loan	99,996	99,996
Amounts due to group undertakings	24,071	269,658
	<hr/>	<hr/>
	684,700	801,480
	<hr/>	<hr/>

(2) Amounts falling due after more than one year:-

Amounts due to parent undertakings (Secured)	1,521,180	1,647,922
Other loan	60,280	158,327
	<hr/>	<hr/>
	1,581,460	1,806,249
	<hr/>	<hr/>

Secured loans at 30th June 2004 were as follows:-

£1,521,180 (2003: £1,647,922) is due to Firoka (London Park) Limited.
This is secured by way of a debenture on fixed and floating assets of the company.

Unsecured loans at 30th June 2004:-

- (a) £160,276 (2003: £258,323) is due to Football Stadia Improvement Fund. No interest is payable on this loan. It is repayable over 5 years.
- (b) £24,071 (2003: £269,658) is due to Firoka (Oxford United Stadium) Limited.

12.
Share Capital

	Year 2004		Year 2003	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£	£	£	£
Ordinary Shares of £7 each	5,600	5,600	5,600	5,600
Ordinary shares of £1 each	1,354,400	138,067	1,354,400	138,067
5.25% Preference shares of £1 each	140,000	140,000	140,000	140,000
	<u>1,500,000</u>	<u>283,667</u>	<u>1,500,000</u>	<u>283,667</u>

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.

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 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.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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13. Reserves

	2004 £	2003 £
Capital Redemption Reserve		
Arising on cancellation of shares	75	75
	<hr/>	<hr/>
Profit and loss account		
	£	£
At 1 st July 2003	(2,308,374)	(2,191,591)
Profit/(Loss) for the year	3,320	(116,783)
	<hr/>	<hr/>
At 30 th June 2004	(2,305,054)	(2,308,374)
	<hr/>	<hr/>

All Shareholders' Funds with the exception of preference share capital of £140,000 (2003: £140,000) relate to equity shares

14. Operating lease Commitments

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

	2004		2003	
	Vehicles and Equipment £	Land and Buildings £	Vehicles and Equipment £	Land and Buildings £
Within one year	-		-	-
Within 2 – 5 years	-	-	-	-
Over 5 years	-	277,084	-	265,000
	<hr/>	<hr/>	<hr/>	<hr/>
	-	277,084	-	265,000
	<hr/>	<hr/>	<hr/>	<hr/>

15. Related party transactions

In accordance with the agreement with Firoka (Oxford United Stadium) Limited, a subsidiary of Firoka (London Park) Limited, the Company paid rent and overhead charges amounting to £385,224 (2003 : £337,496) to Firoka (Oxford United Stadium) Limited.

16. Contingent Assets

As at 30th June 2004 further amounts were potentially receivable in respect of the sale of a player during the year, which were subject to future events. Some of these events having subsequently occurred and a further £ 75,000 became receivable in December 2004 and which will be accounted for in the year ending 30th June 2005. Any further amounts will be accounted for in the year in which the event occurs.

17. Ultimate parent company

The ultimate parent company is Firoka (London Park) Limited, a company incorporated in Jersey. Firoka (London Park) Limited holds 89% of the ordinary share capital of the company. Mr F A Kassam holds 100% of the shares of Firoka (London Park) Limited.

18.
Notes to the
cash flow
statement

(i) Reconciliation of operating profit/(loss) to operating cash flows

	2004 £	2003 £
Operating profit/(loss)	73,097	(35,176)
Depreciation and amortisation	15,058	92,246
Loss on disposal of players	-	44,625
Loss on disposal of tangible fixed assets	-	2,803
(Increase)/Decrease in stocks	(19,076)	2,480
(Increase)/decrease in debtors	(57,309)	47,484
Increase/(Decrease) in creditors	68,525	(287,037)
	<u>80,295</u>	<u>(132,575)</u>

(ii) Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
(Decrease)/Increase in cash in year	(401,155)	204,931
Increase in overdraft in year	(60,282)	-
Cash outflow from loans	470,376	(419,210)
	<u>8,939</u>	<u>(214,279)</u>
Net debt at 1 st July 2003	(1,721,645)	(1,507,366)
	<u></u>	<u></u>
Net debt at 30 th June 2004	(1,712,706)	(1,721,645)
	<u></u>	<u></u>

(iii) Analysis of changes in net debt

	At 1 st July 2003	Movement	At 30 th June 2004
Cash in hand at bank	454,258	(401,155)	53,103
Overdraft	-	(60,282)	(60,282)
Debt due within 1 year	(369,654)	245,587	(124,067)
Debt due after 1 year	(1,806,249)	224,789	(1,581,460)
	<u></u>	<u></u>	<u></u>
	(1,721,645)	8,939	(1,712,706)
	<u></u>	<u></u>	<u></u>

19.
Capital
Commitments

There were no Capital Commitments as at 30th June 2004 (2003 : Nil)