

# OXFORD UNITED FOOTBALL CLUB LIMITED



REG No 470509



Report and Accounts for  
the year ended 30<sup>th</sup> June 2002

# OXFORD UNITED FOOTBALL CLUB LIMITED

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# **OXFORD UNITED FOOTBALL CLUB LIMITED**

## **DIRECTORS**

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### **Directors**

F A Kassam (Chairman)

F W Higgins

A D Tawakley

### **Company Secretary**

A D Tawakley

### **Manager**

Ian Atkins

### **Registered Office**

Kassam Stadium

Grenoble Road

Oxford

OX4 4XP

### **Registered Number**

470509

Directors' Report to the Shareholders

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The Directors present their Report and the Audited Accounts for the year ended 30<sup>th</sup> June 2002.

**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<sup>th</sup> June 2002 are set out on page 3. The Club recorded an operating loss, before amortisation of players, and interest costs of £325,401 (2001: operating loss of £467,898). The result for the year after player dealings and interest costs was a loss of £783,578 (2001: £1,067,960).

**Review of business** Season 2001-02, the first year at the Kassam Stadium, was a difficult one. The team finished 21<sup>st</sup> in the Nationwide Football League Division Three. The team did not progress beyond the first round in the three Cup competitions.

With the team and the management well settled in the new home, we look forward to a strong performance in the current season.

The Club wishes to thank the supporters and staff for their continued support.

**Company Voluntary Arrangement (CVA)** The CVA Supervisors, Kroll Buchler Phillips have informed the Company that it is their intention to close the CVA and declare the final dividend by December 2002.

**Dividend** The directors do not recommend the payment of a dividend.

**Fixed assets** Movement of fixed assets are detailed in Note 8 to the Accounts. In January 2001, the Company entered into an agreement to sell its freehold interest in the Manor Ground, Headington to Firoka (London Park) Limited. The sale was completed in October 2001.

In June/August 2001 the company entered into a Licence agreement with Firoka (Oxford United Stadium) Limited, whereby the Company has a 25 years Licence to use Kassam Stadium, Grenoble Road, Oxford as its home ground.

The leasehold property, being the ex-Club Shop premises on London Road, Oxford has been sub-leased to a third party.

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

F A Kassam  
F W Higgins  
A D Tawakley

**Directors' Interest** At 30<sup>th</sup> June 2002, no director had an interest in the shares of the Company. Directors' material interests in contracts are set out in Note 19.

**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: 4<sup>th</sup> December 2002

**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 30<sup>th</sup> June 2002, 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 as modified by the revaluation of certain fixed assets, and the accounting policies set out therein.

**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 30<sup>th</sup> June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date:  
Oxford

10 December 2002

  
CRITCHLEYS  
Chartered Accountants  
Registered Auditors

OXFORD UNITED FOOTBALL CLUB LIMITED

Profit and Loss Account for the year ended 30th June 2002

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		2002 £	2001 £
	Note		
Turnover	1(b)	2,974,064	2,403,277
Direct Operating costs		(2,139,056)	(2,251,231)
Gross Profit		835,008	152,046
Administration expenses		(1,160,409)	(619,944)
Operating loss before amortisation of players	3	(325,401)	(467,898)
Amortisation of players		(219,115)	(69,536)
Profit/(loss) on disposal of players		(84,017)	60,337
Operating (loss)		(628,533)	(477,097)
Loss on surrender of Lease		-	(160,299)
Interest receivable and similar income		108	810
Interest payable and similar charges	2	(155,153)	(431,374)
(Loss) before and after taxation	14	(783,578)	(1,067,960)

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

		2002 £	2001 £
(Loss) for the financial year		(783,578)	(1,067,960)
Opening shareholders' funds		(1,117,845)	(4,209,885)
Increase arising during the year from revaluation	14	-	4,160,000
Closing shareholders' funds		(1,901,423)	(1,117,845)

The notes on pages 7 to 13 form part of these accounts.

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OXFORD UNITED FOOTBALL CLUB LIMITED

Balance Sheet – 30th June 2002

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		2002		2001	
		£	£	£	£
	Note				
<b>Fixed assets</b>					
Intangible assets	7		130,506		168,639
Tangible assets	8		35,573		6,004,349
Investments	9		2		2
			<u>166,081</u>		<u>6,172,990</u>
<b>Current assets</b>					
Stocks	10	40,526		40,344	
Debtors	11	279,986		584,673	
Bank balances and cash		249,327		17,834	
		<u>569,839</u>		<u>642,851</u>	
Creditors – amounts falling due within one year	12	(821,048)		(6,955,367)	
<b>Net current liabilities</b>			<u>(251,209)</u>		<u>(6,312,516)</u>
<b>Total assets less current liabilities</b>			<u>(85,128)</u>		<u>(139,526)</u>
Creditors – amounts falling due after more than one year	12		(1,816,295)		(978,319)
<b>Net Liabilities</b>			<u>(1,901,423)</u>		<u>(1,117,845)</u>
<b>Capital and Reserves</b>					
Called up share capital	13		283,742		283,742
Share premium account			6,426		6,426
Revaluation reserve	14		-		5,194,547
Profit and loss account	14		(2,191,591)		(6,602,560)
<b>Shareholders' Funds</b>			<u>(1,901,423)</u>		<u>(1,117,845)</u>

F A Kassam

Director

These accounts were approved by the Board of Directors on 4<sup>th</sup> December 2002

The notes on pages 7 to 13 form part of these accounts

Auditors' Report – page 2

OXFORD UNITED FOOTBALL CLUB LIMITED  
Cash Flow Statement for the year ended 30th June 2002

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		2002		2001	
		£	£	£	£
	Note				
Net cash (outflow)/inflow from operating activities	15(i)		(893,117)		623,845
<b>Returns on investments and servicing of financing</b>					
Interest received		108		810	
Interest paid		(88,759)		(91,535)	
Net cash outflow from returns on investments and servicing of finance			(88,651)		(90,725)
<b>Capital expenditure and financial investment</b>					
Assets in course of construction		-		(85,018)	
Purchase of player registrations		(300,000)		(220,000)	
Purchase of tangible fixed assets		(42,357)		-	
Sale of player registrations		35,000		104,500	
Decrease/(Increase) in loan to group undertaking		311,471		(474,862)	
Sale of freehold property		6,000,000		-	
Net cash inflow/(outflow) from capital expenditure and financial investment			6,004,114		(675,380)
<b>Financing</b>					
New loans from parent undertakings		900,000		-	
Repayment of loans from parent undertakings		(800,000)		-	
New loans other		-		500,000	
Repayment of amounts borrowed - other loans		(3,686,454)		(41,685)	
Net cash (outflow)/inflow financing	15(ii)		(3,586,454)		458,315
Increase in cash and cash equivalents	15(ii)		1,435,892		316,055

The notes on pages 7 to 13 form part of these accounts

Auditors' Report – page 2



1. Principal accounting
- (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 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 rates varying between 10% and 33.33% 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 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 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		2002 £	2001 £
	Interest on bank and other loans wholly repayable within five years	25,217	129,927
	Interest on loans from directors and connected persons	129,936	301,447
		<hr/>	<hr/>
		155,153	431,374
		<hr/>	<hr/>

Notes to the Accounts

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		2002 £	2001 £
3.			
Operating (loss)	Operating (loss) is stated after charging:-		
	Depreciation of tangible fixed assets	11,133	5,933
	Auditors' remuneration	8,000	10,000
	Operating lease rentals –		
	Land and buildings	251,858	14,900
	Vehicles and equipment	4,339	20,652

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.

The directors consider that provision for Corporation Tax approximately of £1.514m (2001: £1.514m) which arose on the sale of the freehold property, is not required as such tax will be deferred by rollover relief on the development of the new stadium.

5.  
Directors' Emoluments

No director received any emoluments from the Company in the year ended 30<sup>th</sup> June 2002 (2001 : £nil).

6.  
Employee Information

The average monthly number of persons employed by the Company during the year ended 30<sup>th</sup> June 2002 was:

	2002 Number	2001 Number
Playing staff (including managers and team coaches)	47	46
Ground staff	4	5
Administration and marketing staff	15	13
	<u>66</u>	<u>64</u>

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

	2002 £	2001 £
Employment costs for the company		
Wages and salaries	1,885,934	1,948,307
Social Security costs	179,178	191,254
Other pension costs	135,174	5,580
	<u>2,200,286</u>	<u>2,145,141</u>

Other pension costs include £130,242 being the full liability due to the Football League Limited Pension and Life Assurance Scheme. This liability is based on the actuarial valuation carried out by the Trustees of the Scheme.

7.  
Intangible fixed  
assets

	Players' Registrations £
Cost	
At 1 <sup>st</sup> July 2001	219,000
Additions	300,000
Disposals	(234,000)
	<hr/>
At 30 <sup>th</sup> June 2002	285,000
	<hr/>
Amortisation	
At 1 <sup>st</sup> July 2001	50,361
Charge for the year	219,115
On disposals	(114,982)
	<hr/>
At 30 <sup>th</sup> June 2002	154,494
	<hr/>
Net book value at 30 <sup>th</sup> June 2002	130,506
	<hr/>
Net book value at 30 <sup>th</sup> June 2001	168,639
	<hr/>

8.  
Tangible fixed  
assets

	Total £	Freehold Property £	Leasehold Property £	Fixtures And Equipment £	Motor Vehicles £
Cost or valuation					
At 1 <sup>st</sup> July 2001	6,013,006	6,000,000	13,006	-	-
Additions	42,357	-	-	32,357	10,000
Disposals	(6,000,000)	(6,000,000)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 <sup>th</sup> June 2002	55,363	-	13,006	32,357	10,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 <sup>st</sup> July 2001	8,657	-	8,657	-	-
Charge for the year	11,133	-	544	8,089	2,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 <sup>th</sup> June 2002	19,790	-	9,201	8,089	2,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 <sup>th</sup> June 2002	35,573	-	3,805	24,268	7,500
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 30 <sup>th</sup> June 2001	6,004,349	6,000,000	4,349	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Subsequent to the Balance Sheet date the leasehold property has been sub-leased to a third party.

OXFORD UNITED FOOTBALL CLUB LIMITED

Notes to the Accounts

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9. Investments Investments in subsidiary undertakings:-

	2002 £	2001 £
Investments at cost	2	2

The Company holds 100% (2001-100%) 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.

10. Stocks

	2002 £	2001 £
Playing gear	16,132	16,132
Goods for resale	23,861	23,635
Consumable items	533	577
	<u>40,526</u>	<u>40,344</u>

The replacement cost of stock held at 30<sup>th</sup> June 2002 was not significantly different from the historical cost shown above.

11. Debtors

	2002 £	2001 £
Trade debtors	29,624	72,606
Other debtors	26,731	29,092
Prepayments and accrued income	60,240	8,113
Amounts owed by group undertakings	163,391	474,862
	<u>279,986</u>	<u>584,673</u>

12. Creditors

	2002 £	2001 £
Amounts falling due within one year:		
Bank overdraft	-	1,204,399
Income received in advance	330,453	792,422
Trade creditors	116,799	4,187
Taxation and social security	92,473	146,638
Other creditors	162,943	322,009
Secured loans	-	3,586,458
Other loan	99,996	99,996
Accruals	16,195	25,821
Amounts due to group undertakings	2,189	773,437
	<u>821,048</u>	<u>6,955,367</u>

12. Creditors (continued)	2002 £	2001 £
Amounts falling due after more than one year:-		
Amounts due to parent undertakings (secured)	1,557,972	620,000
Other loan	258,323	358,319
	<u>1,816,295</u>	<u>978,319</u>

Secured loans at 30<sup>th</sup> June 2002 (whether due within or after more than one year) were as follows:-

- (a) £Nil (2001: £2,336,458) was due to Mr F A Kassam. Interest was charged at 5% over Lloyds Bank base rate.
- (b) £Nil (2001: £1,250,000) was due to Robin Herd and connected persons. No interest is payable on this sum.
- (c) The amount of £1,557,972 (2001: £620,000) 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 30<sup>th</sup> June 2002:-

- (a) £358,319 (2001: £458,315) is due to Football Stadia Improvement Fund. No interest is payable on this loan. It is repayable over 5 years.

13.  
Share Capital

	Year 2002 and 2001	
	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 435 shareholders (2001 : 434)

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 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.  
Reserves

	2002 £	2001 £
<b>Revaluation reserve</b>		
On land and buildings - at 1 <sup>st</sup> July 2001	5,194,547	1,034,547
- increase on revaluation	-	4,160,000
- transfer to profit and loss on sale of property	(5,194,547)	-
	<u>-</u>	<u>5,194,547</u>
<b>Profit and loss account</b>		
	£	£
At 1 <sup>st</sup> July 2001	(6,602,560)	(5,534,600)
Retained loss for the year	(783,578)	(1,067,960)
Transfer from revaluation reserve	5,194,547	-
	<u>-</u>	<u>-</u>
At 30 <sup>th</sup> June 2002	(2,191,591)	(6,602,560)
	<u>-</u>	<u>-</u>
All Shareholders' Funds with the exception of preference share capital of £140,000 (2001: £140,000) relate to equity shares		

15.  
Notes to the  
cash flow  
statement

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

	2002 £	2001 £
Operating (loss)	(628,533)	(477,097)
Depreciation and amortisation	230,248	75,470
(Profit)/loss on disposal of players	84,017	(60,337)
Loss on disposal of tangible fixed assets	-	7,726
(Increase)/Decrease in stocks	(182)	5,651
(Increase)/decrease in debtors	(6,784)	(44,878)
Increase/(decrease) in creditors	(571,883)	1,117,310
	<u>(893,117)</u>	<u>623,845</u>

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

	2002 £	2001 £
Increase in cash in year	1,435,892	316,055
Cash (inflow)/outflow from loans	3,586,454	(458,315)
Unpaid loan interest credited to loan funds	(66,395)	(339,839)
	<u>4,955,951</u>	<u>(482,099)</u>
Net debt at 1 <sup>st</sup> July 2001	<u>(6,622,915)</u>	<u>(6,140,816)</u>
Net debt at 30 <sup>th</sup> June 2002	<u>(1,666,964)</u>	<u>(6,622,915)</u>

(iii) Analysis of changes in net debt

	At 1 <sup>st</sup> July 2001	Movement	At 30 <sup>th</sup> June 2002
Cash in hand at bank	17,834	231,493	249,327
Overdraft	(1,204,399)	1,204,399	-
Debt due within 1 year	(4,458,031)	4,358,035	(99,996)
Debt due after 1 year	(978,319)	(837,976)	(1,816,295)
	<u>(6,622,915)</u>	<u>4,955,951</u>	<u>(1,666,964)</u>

16.  
Capital  
Commitments

There were no Capital Commitments as at 30<sup>th</sup> June 2002 (2001 : Nil)

17.  
Operating lease  
Commitments

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

	2002		2001	
	Vehicles and Equipment £	Land and Buildings £	Vehicles and Equipment £	Land and Buildings £
Within one year	-	7,450	5,793	-
Within 2 – 5 years	-	-	1,648	-
Over 5 years	-	250,000	-	14,900
	<hr/>	<hr/>	<hr/>	<hr/>
	-	257,450	7,441	14,900
	<hr/>	<hr/>	<hr/>	<hr/>

18.  
Related party  
transactions

The Company sold its freehold interest in the Manor Ground, Headington, Oxford to Firoka (London Park) Limited for £6.0m. This sale was completed in October 2001.

In accordance with the agreement with Firoka (Oxford United Stadium) Limited the Company paid rent and overhead charges amounting to £334,393 to Firoka (Oxford United Stadium) Limited.

19.  
Ultimate parent  
company

The ultimate parent company is Firoka (London Park) Limited, a company incorporated in Jersey. and controlled by Mr F A Kassam.