

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED  
REPORT OF THE DIRECTORS

The Directors have pleasure in submitting their Report together with the audited Accounts for the year ended 31st May 1996.

Review of Activities and Business Review

The principal activity of the Company is that of a Professional Football Club. The Accounts show a profit on the year's operations of £164,552

Dividends

The Directors do not recommend payment of a dividend.

Directors' Responsibilities

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the Company and of the Profit and Loss of the Company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements 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 that the financial statements 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.

Directors

The Directors of the Company at 31st May 1996, all of whom had been Directors for the whole of the year ended on that date, except as otherwise stated, are shown below, together with their interests in the Shares of the Company at that date.

Company at that date.

	Ordinary Shares of 50p each			
	THIS YEAR		LAST YEAR	
	<u>Number</u>	<u>Nominal Value</u> £	<u>Number</u>	<u>Nominal Value</u> £
Mr. R.H. Smart	51,650	25,825	51,650	25,825
Mr. J.S. Howard	26,650	13,325	26,650	13,325
Mr. R.F. Hunt	10,000	5,000	10,000	5,000
Mr. G.G. Harwood	26,650	13,325	26,650	13,325
Mr. G.P. Lowe	26,650	13,325	26,650	13,325
Mr. R.T. Summerfield	51,650	25,825	25,000	12,500



CAMBRIDGE UNITED FOOTBALL CLUB LIMITED  
REPORT OF THE DIRECTORS

The Directors who retire by rotation are Mr.R.H. Smart and Mr.R.F. Hunt. Both have indicated a willingness to seek re-election at the Annual General Meeting.

Changes in Fixed Assets

The movements in Fixed Assets during the year are set out in Note 7 to the Accounts.

Close Company

The Company is not a close company as defined by the Income and Corporation Taxes Act 1988.

Auditors

A resolution to re-appoint the auditors, Cannon Kinsman Lingard, will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD

Registered Office:  
The Abbey Stadium,  
Newmarket Road,  
CAMBRIDGE, CB5 8LN

 S. GREENALL  
Secretary

11th December 1996

AUDITORS' REPORT TO THE MEMBERS OF  
CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

We have audited the financial statements on pages 6 to 13 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 8.

Respective responsibilities of Directors and Auditors

As described on page 3, the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 mis-statement, whether caused by fraud or other irregularity or error.

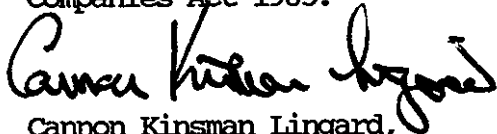
In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Uncertainty Relating to the Going Concern Basis

In forming our opinion, we have considered the adequacy of the disclosures made in note 19 concerning the Bank facilities into the next financial year. The financial statements have been prepared on a going concern basis, the validity of which depends on the bank loan and overdraft facility continuing to be available. The financial statements do not include any adjustments that would result from this funding not being maintained. 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 31st May 1996, and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Cannon Kinsman Lingard,  
Registered Auditors,  
St. Mary's House,  
47, High Street,  
Trumpington,  
CAMBRIDGE, CB2 2HZ

17th December 1996

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

PROFIT AND LOSS ACCOUNT  
for the year ended 31st May 1996

	NOTES	1996	1995
Turnover	( 2 )	1,336,433	1,426,342
Net Operating Expenses	( 3 )	(1,126,104)	(1,354,564)
OPERATING PROFIT		<u>210,329</u>	<u>71,778</u>
Interest receivable		4,697	2,797
Group Company Income		7,581	-
Interest payable	( 5 )	( 56,881)	( 59,909)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>165,726</u>	<u>14,666</u>
Taxation thereon	( 6 )	( 1,174)	( 699)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>164,552</u>	<u>13,967</u>
Adverse Balance brought forward		( 723,943)	( 745,034)
Transfer from Revaluation Reserve		5,000	-
Prior Year Adjustment		-	7,124
Adverse Balance carried forward		<u>£( 554,391)</u>	<u>£( 723,943)</u>

The Company has neither acquired nor commenced any new business activities during the year, and it has no recognised gains or losses other than the Profit for the year.

The notes set out on pages 8 - 12 form part of these accounts.


CAMBRIDGE UNITED FOOTBALL CLUB LIMITED


BALANCE SHEET  
for the year ended 31st May 1996

	NOTES	1996	1995
FIXED ASSETS			
Tangible Assets	( 7)	1,277,237	1,273,440
Investment	( 8)	<u>-</u>	<u>100</u>
		1,277,237	1,273,540
CURRENT ASSETS			
Debtors	( 9)	324,192	200,928
Stocks	(1d)	4,606	12,784
Cash in Hand		<u>98</u>	<u>191</u>
		328,896	213,903
CREDITORS: amounts falling due within one year	(10)	( <u>638,620</u> )	( <u>708,804</u> )
NET CURRENT LIABILITIES		( <u>309,724</u> )	( <u>494,901</u> )
TOTAL ASSETS LESS CURRENT LIABILITIES		967,513	778,639
CREDITORS: amounts falling due after more than one year	(11)	( <u>335,943</u> )	( <u>330,396</u> )
NET ASSETS		<u>£ 631,570</u>	<u>£ 448,243</u>
CAPITAL AND RESERVES			
Called up Share Capital	(12)	166,920	148,145
Revaluation Reserve	(13)	1,019,041	1,024,041
Profit and Loss Account		( <u>554,391</u> )	( <u>723,943</u> )
	(14)	<u>£ 631,570</u>	<u>£ 448,243</u>

The financial statements were approved by the Directors  
on 11th December 1996.

The notes set out on pages 8 - 12 form part of these accounts.

  
R.H. SMART, CHAIRMAN

  
R. F. HUNT, DIRECTOR

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31st May 1996

1. ACCOUNTING POLICIES

a.) Policy on signing on fees:

Signing-on fees are dealt with in the Profit and Loss Account in the year in which the commitment falls due to the player.

b.) Transfer fees receivable or payable are credited or written off in the Profit and Loss Account in the year when the transfer is effected, except in the case of fees which are dependant upon appearances or percentages of profit on future transfers.

c.) The Accounts are prepared on the historical cost basis with the exception of the Freehold Land and Buildings. The Company meets its day to day working capital requirements through an overdraft facility. The nature of the Company's business is such that there can be considerable unpredictable variations in the timing of cash inflows. The Directors have prepared cash flow forecasts for the 1996/7 season. On the basis of this information and discussions with the Company's bankers, the Directors consider that the Company will continue to operate within the facility agreed. On this basis, the Directors consider it appropriate to prepare the accounts on the going concern basis.

d.) Stock is valued at the lower of cost or market value.

e.) Depreciation is provided as follows:-

Freehold Land	NIL
Freehold Buildings	2% on cost or valuation
Floodlights	10% on cost
Motor Vehicles, Plant & Machinery	20% on reducing balance

f.) Grants received during the year in respect of Ground Safety amounted to £ 524 and these have been set against the expenditure incurred.

g.) Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated to the profit and loss account on a straight-line basis over the term of the agreement.

h.) Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

i.) Pension Costs:

Defined contribution arrangements are made for eligible employees of the company. The pension cost charges in the year represents contributions payable by the Company to the relevant pension schemes.

# CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31st May 1996 (continued)

### 2. TURNOVER

Turnover represents Gate Receipts and Season Tickets and Income from Commercial and Sundry Activities, all of which were generated by geographical market in the United Kingdom, excluding V.A.T. as follows:

	1996	1995
Net Gate Receipts	329,938	506,434
Football League Pool	173,938	237,064
Transfer Fees Receivable	744,960	489,100
Commercial Activities	61,994	159,387
Donations	14,405	18,805
Grants	6,500	7,000
Other Revenue	<u>4,698</u>	<u>8,552</u>
	<u>£1,336,433</u>	<u>£1,426,342</u>

### 3. NET OPERATING EXPENSES

Playing	761,125	881,098
Matchday	88,920	123,179
Ground	41,116	46,602
Administration	200,927	213,727
Audit Fee	3,000	3,000
Depreciation	9,280	13,705
Transfer Fees Payable	11,000	50,127
Leasing Charges	8,536	21,819
Bad Debts	<u>2,200</u>	<u>1,307</u>
	<u>£1,126,104</u>	<u>£1,354,564</u>

### 4. STAFF NUMBERS AND COSTS

The average number of persons employed by the Company during the year were as follows:-

Players	23	24
Management	6	6
Ground Staff	3	3
Commercial	5	5
Administration	<u>4</u>	<u>4</u>
TOTAL	<u>41</u>	<u>42</u>
Youth Training Scheme	16	16

The aggregate payroll costs of these persons were:

Wages and Salaries	732,262	792,288
Social Security Costs	66,583	80,655
Other Pension Costs	<u>7,939</u>	<u>10,806</u>
	<u>£ 806,784</u>	<u>£ 883,749</u>

CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31st May 1996  
(continued)

5. INTEREST PAYABLE	1996	1995
On Bank loans, overdraft and other loans repayable within five years		
Bank overdraft interest	36,971	42,229
Hire Purchase interest	<u>670</u>	<u>202</u>
	37,641	42,431
On borrowings not wholly repayable within five years		
	<u>19,240</u>	<u>17,478</u>
	<u>£56,881</u>	<u>£59,909</u>
6. TAXATION		
Taxation based on the profit for the year	<u>£ 1,174</u>	<u>£ 699</u>

7. FIXED ASSETS	Freehold Land and Buildings	Motor Vehicles Plant and Machinery	TOTAL
Cost or Revaluation at 1st June 1995	1,250,000	132,528	1,382,528
Additions	-	13,601	13,601
Disposals	-	-	-
Grants	-	( 524)	( 524)
As at 31st May 1996	<u>£1,250,000</u>	<u>£145,605</u>	<u>£1,395,605</u>
Depreciation at 1st June 1995	-	109,088	109,088
Disposals	-	-	-
Charge in the year	5,000	4,280	9,280
As at 31st May 1996	<u>5,000</u>	<u>£113,368</u>	<u>£ 118,368</u>
Net Book Value at 31st May 1996	<u>£1,245,000</u>	<u>£ 32,237</u>	<u>£1,277,237</u>
Net Book Value at 31st May 1995	<u>£1,250,000</u>	<u>£ 23,440</u>	<u>£1,273,440</u>

The Directors had not entered into any contracts for capital expenditure at 31st May 1996.

The Freehold Land and Buildings are stated at a valuation made in 1995.

For assets which have been revalued, a comparison between the present book values and the book values at which the assets would have been carried if they were on a historical cost basis is set out opposite:



CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

NOTES TO THE ACCOUNTS  
for the year ended 31st May 1996  
(continued)

7. FIXED ASSETS (cont)

	Revalued Amount 1996 £	Historic Cost Amount 1996 £
<u>Revaluation Asset Amount</u>		
Cost or valuation	1,250,000	454,123
Depreciation	(5,000)	(78,723)
Net book value	<u>1,245,000</u>	<u>375,000</u>

Details of fixed assets held under finance leases and hire purchase contracts, which are included in the relevant headings in the table on page 10 are as follows:

	1996 £	1995 £
Net book value at 31 May 1996	13,731	6,000
Depreciation charge for the year	264	-

8. BLACK AND AMBER PROMOTIONS LIMITED

The Company was a wholly-owned subsidiary of Cambridge United Football Club Limited, but was struck off from Companies' Registry on 12th March 1996.

	1996	1995
9. DEBTORS		
Trade Debtors	320,512	196,961
Other Debtors	732	650
Prepayments	<u>2,948</u>	<u>3,317</u>
	<u>£324,192</u>	<u>£200,928</u>

10. CREDITORS: amounts falling due  
within one year

Bank Overdraft	373,053	450,484
Taxation (PAYE and Social Security)	122,216	107,209
Other Creditors	107,557	79,569
H.P. Creditors	5,450	3,369
Accruals	24,370	54,993
Other Loans	4,800	4,800
Amount due to Group Company	-	7,681
Corporation Tax	<u>1,174</u>	<u>699</u>
	<u>£638,620</u>	<u>£708,804</u>

11. CREDITORS: amounts falling due  
after more than one year

Directors' Loans	138,681	130,681
Commercial Mortgage	177,165	180,267
H.P. Creditors	2,697	2,248
Other Loans	<u>17,400</u>	<u>17,200</u>
	<u>£335,943</u>	<u>£330,396</u>

# CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31st May 1996 (continued)

### 11. (cont'd)

The Commercial Mortgage and Overdraft are secured by a debenture in favour of the Bank. The Commercial Mortgage is repayable by monthly instalments, the last of which falls due in October 2012, and carries interest at the rate of 9.75% p.a. The amount of the Mortgage repayable within 5 years is £ 27,745 (1995: £ 25,140) & the amount repayable after 5 years is £149,420 (1995: £155,127)

	1996	1995
12. SHARE CAPITAL		
Authorised 1,000,000 Ordinary Shares of 50p	£500,000	£500,000
Issued 333,840 : £166,920 - (1995 - 296,290 : £148,145)		
During the year, 37,550 shares were issued at par value to expand the capital base.		

### 13. REVALUATION RESERVE

Opening Balance	1,024,041	1,115,611
Decrease on Revaluation	-	( 91,570)
Transfer to Profit and Loss a/c ( 5,000)	-	-
Closing Balance	<u>£1,019,041</u>	<u>£1,024,041</u>

### 14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the Financial Year	164,552	13,967
Prior Year Adjustment	-	7,124
Dividends	-	-
Net increase in Shareholders' Funds	<u>164,552</u>	<u>21,091</u>
Opening Shareholders' Funds	448,243	515,181
Shares Issued during the year	18,775	3,541
Decrease on Revaluation	-	( 91,570)
	<u>£631,570</u>	<u>£448,243</u>

### 15. DIRECTORS' INTERESTS

The Club entered into a lease agreement with Mr. R.H. Smart on 16th May 1995, to pay £13,875 p.a. under that lease. The agreement relates to accommodation for the Youth Trainees at Brookfields, in Cambridge. The charge against this lease was increased by the agreement of the Board to £16,200, at their Board Meeting of 18th March 1996.

# CAMBRIDGE UNITED FOOTBALL CLUB LIMITED

## NOTES TO THE ACCOUNTS for the year ended 31st May 1996 (continued)

### 16. FINANCIAL COMMITMENTS

The Company charges signing-on fees to the Profit and loss account as the commitment to pay falls. The Company had entered into contracts with players in respect of signing-on fees on various bases. In all cases, the payments are covered by a confidentiality clause, which the Club would be in breach of if disclosure was made of any of the contract terms. The Directors confirm that the Company had entered into certain financial commitments as at the Balance Sheet date, which total £9,750 to 4 players.

### 17. ANNUAL COMMITMENTS UNDER OPERATING LEASES

	Land & Buildings 1996	Other Assets 1996	Land & Buildings 1995	Other Assets 1995
Operating leases expiring:				
Within 1 Year	-	-	-	6,320
After 5 Years	16,200	1,840	13,875	-
Annual commitments at 31 May 1996	<u>16,200</u>	<u>1,840</u>	<u>13,875</u>	<u>6,320</u>

### 18. PENSIONS

Eligible players are members of the Football League Limited Players' Retirement Income Scheme. No employers' contributions are made, but the Club deducts amounts from players' salaries and pays them into the scheme on their behalf.

### 19. CONTINUATION OF BANKING FACILITIES

The Bank loan of £177,165 and the overdraft facility of £500,000 cover the borrowing requirements of the Company as shown by the budgets for the current year, which have been reviewed and confirmed by the Directors as likely to be achieved.

The overdraft facility is monitored regularly in the light of the trading and forecast requirements and is currently being reviewed to be available until the end of the season. It is expected that the facility will be continued, assuming that the Company is achieving its budget for the year. If the bankers were not to continue these facilities, then the Company would need to renegotiate its borrowings, and/or raise alternative funding in order to continue trading.