

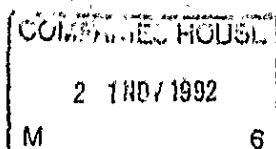
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CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

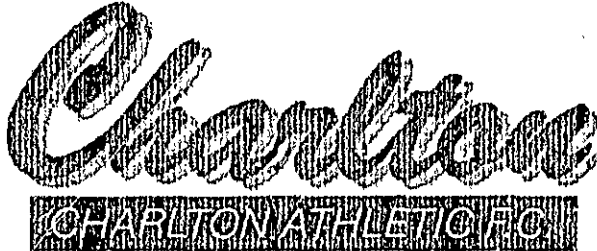
REPORT AND ACCOUNTS

31 MAY 1991

**COMPANIES HOUSE COPY**



**Hacker Young**  
Chartered Accountants  
St. Alphage House 2 Fore Street  
London EC2Y 5DH



The Valley, Floyd Road, London SE7 8BL. Tel: 081-293 4567. Fax: 081-293 5143.

### Chairman's Statement

Once again the Club has survived the 1990/91 season by virtue of achieving player sales to compensate for the operating losses. The losses arose as a result of the continuing expense of ground sharing costs and, of course, the lower revenue levels in the Second Division.

On a more positive note the Club's supporters have, since the year end, responded wonderfully to our Valley Investment Plan appeal. They contributed over £1,000,000 to our scheme. This effort coupled with the exceptional support of my co-directors enabled us to agree with a variety of parties, whereby the Club secured the right to a 20-year lease of the Valley and the redevelopment work has been started again.

The problems of financing the redevelopment were compounded by the fact that one of our shareholders suffered severe personal financial difficulties in 1991. As a result, he entered into a Voluntary Arrangement with his creditors, which effectively put his loans to the Club into third party hands. I am pleased to report that we are in the final stages of negotiation whereby these loans and other directors' loans will be converted into share capital. I am confident that this will be achieved in the near future and that this will significantly improve the strength of the Club by the removal of about £3,000,000 of liabilities.

The last two years have been extremely difficult but I do feel there is light at the end of the tunnel. I must express my deepest thanks to my co-directors, the staff and not least the supporters for their wholehearted commitment to the Club.

R N Alwen  
CHAIRMAN

16th November 1992

### CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED



Chairman:  
Directors:

President:

ROGER N. ALWEN  
RICHARD D. COLLINS  
RICHARD A. MURRAY  
MARTIN A. SIMONS  
MICHAEL C. STEVENS  
DEBEK G. UFTON  
RICHARD D. COLLINS

Assistant General Manager:  
Club Secretary:  
Assistant Club Secretary:  
Commercial Manager:  
Club Shop/Lottery Manager:  
Player/Manager:

JONATHAN FULLER  
CHRIS PARKES  
ANN BUSH  
ANDY BRYANT  
CHRIS TUGWELL  
ALAN CURBISHLEY  
STEVE GRITT

Member of Football Association - Football League.  
Club colours: Red shirts, White shorts.  
Club founded: 1905.  
Registered Office: The Valley, Charlton,  
London SE7 8BL.  
Registered in England No: 1788456.  
VAT Registration No: 452 5787 24.



AUDITORS' REPORT TO THE MEMBERS OF  
CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

We have audited the accounts set out on pages 3 to 10 in accordance with Auditing Standards.

As stated in note 11 the company has since the balance sheet date received a demand for the repayment of loans amounting to £1,370,817. The directors are currently negotiating to convert these loans together with other loans amounting to £1,689,087 into preference shares. Were these negotiations to be unsuccessful and the company obliged to repay the above loans the company may be unable to continue trading.

Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Subject to the satisfactory outcome of the above negotiations, in our opinion the accounts give a true and fair view of the state of the company's affairs at 31 May 1991 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Hacker Young

London

Registered Auditor

16 November 1992

Chartered Accountants

## DIRECTORS' REPORT

The directors submit their report and the accounts of the company for the year ended 31 May 1991.

## PRINCIPAL ACTIVITY

The company's principal activity during the period was that of a professional football league club.

## REVIEW OF THE BUSINESS, RESULTS AND DIVIDENDS

The football club having been relegated the previous season has spent this year in Division 2 of the Football League. As a consequence of this the company has suffered a decline in match revenue whilst continuing to incur both the high costs associated with a First Division organisation and the costs related to its continuing involvement in a ground sharing arrangement. The company has therefore incurred, as set out in page 3 a sizeable operating loss which has forced the company to sell a number of its playing staff.

In common with virtually all Football League Clubs, the company does not show the value of its playing staff in the balance sheet. However, the directors consider that at 31 May 1991 the playing staff had a valuation of not less than £4.1 million.

The directors do not recommend the payment of a dividend.

## POST BALANCE SHEET EVENTS

In November 1991 the company increased its authorised share capital to £1,500,000 by the creation of a further 1,150,000 ordinary shares of £1 each and issued 100,000 ordinary shares of £1 each at par by way of a rights issue to raise additional working capital.

On 31 August 1992 the company entered into an agreement to take a leasehold interest for 20 years of The Valley Stadium with a company controlled by its directors. This has enabled the re-development of The Valley to be commenced, with the return of the club to its historic ground being scheduled for December 1992. This should enable the company to both reduce its costs and enhance its revenue base.

As referred to in note 11 the company is currently in negotiations with its directors and companies controlled by them and its former director and company controlled by him to convert all of their loans into preference shares.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R.N. Alwen  
M.J. Norris (resigned 23 September 1991)  
R.D. Collins  
D.G. Upton  
R.A. Murray (appointed 8 April 1991)  
M.A. Simons (appointed 8 April 1991)

On 24 January 1992 M.C. Stevens was appointed a director.

At both the beginning and end of the year R.N. Alwen and M.J. Norris controlled companies which each owned 175,000 ordinary shares of the company.

## FIXED ASSETS

Details of movements in the fixed assets of the company are disclosed in the notes to the accounts.

DIRECTORS' REPORT

(CONTINUED)

AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint Messrs. Hacker Young as auditors until the conclusion of the next Annual General Meeting.

Registered office:

The Valley  
Charlton  
London SE7 8BL

16 November 1992

By order of the board

J.T.T. Fuller

Secretary

*Jonathan T. Fuller.*

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1991

	<u>Note</u>	<u>Year ended</u> <u>31 May 1991</u>	<u>Year ended</u> <u>31 May 1990</u>
TURNOVER	2	£1,500,552	£1,776,086
Staff costs	3	£1,602,395	£1,438,861
Administrative expenses		322,943	283,988
Other operating charges		806,349	733,978
		<hr/> (2,731,687) <hr/>	<hr/> (2,456,827) <hr/>
OPERATING LOSS		(1,231,135)	(680,741)
Financing charges	4	(82,295)	(61,606)
Exceptional item	5	(107,710)	-
Transfer fees receivable less transfer fees payable		<hr/> 1,456,589 <hr/>	<hr/> 503,151 <hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	6	35,449	(239,196)
Taxation on profit/(loss) on ordinary activities	7	<hr/> (4,332) <hr/>	<hr/> - <hr/>
PROFIT/(LOSS) for the financial year		31,117	(239,196)
ACCUMULATED LOSS BROUGHT FORWARD		<hr/> (3,667,343) <hr/>	<hr/> (3,428,147) <hr/>
ACCUMULATED LOSS CARRIED FORWARD		£(3,636,226) =====	£(3,667,343) =====

The accompanying notes are an integral part of these accounts.

## BALANCE SHEET AS AT 31 MAY 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
TANGIBLE FIXED ASSETS	£	£ 132,362	£ 77,918
CURRENT ASSETS			
Stock	£	22,575	£ 5,031
Debtors	9	850,985	560,945
Cash at bank and in hand		207,796	1,562
		<hr/>	<hr/>
		1,081,356	567,538
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	1,091,244	1,100,451
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(9,888)	(532,913)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/>	<hr/>
		122,474	(454,995)
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(3,408,700)	(2,862,348)
		<hr/>	<hr/>
NET LIABILITIES		£(3,286,226)	£(3,317,343)
		=====	=====
CAPITAL AND RESERVES			
Called up share capital 13		£ 350,000	£ 350,000
Profit and loss account		(3,636,226)	(3,667,343)

SIGNED ON BEHALF OF THE BOARD

R.N. ALWEN

) DIRECTOR



16 November 1992

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 £(3,286,226)
 

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 £(3,317,343)
 

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The accompanying notes are an integral part of these accounts.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 MAY 1991

	Year ended 31 May 1991 £	Year ended 31 May 1990 £
<b>SOURCE OF FUNDS</b>		
Profit/(Loss) on ordinary activities before taxation	35,449	(239,196)
Adjustment for items not involving the movement of funds:		
Depreciation and profit/(loss) on disposal of fixed assets	38,850	46,340
Total generated by/ (absorbed by) operations	74,299	(192,856)
<b>FUNDS FROM OTHER SOURCES</b>		
Directors' loans	243,625	161,355
Obligations under finance leases	102,752	19,300
Sale of fixed assets	42,750	-
	463,426	(12,201)
<b>APPLICATION OF FUNDS</b>		
Purchase of fixed assets	£ (136,044)	£ (19,652)
Finance lease repayments	(62,581)	(17,326)
	(198,625)	(36,978)
	£ 264,801	£ (49,179)
	=====	=====
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
Stock	£ 17,544	£ 5,031
Debtors	294,372	370,873
Creditors	(599,687)	(126,869)
	(287,771)	249,035
<b>MOVEMENT IN NET LIQUID FUNDS:</b>		
Cash balance	206,234	(414)
Bank overdraft	346,338	(297,800)
	552,572	(298,214)
	£ 264,801	£ (49,179)
	=====	=====

The accompanying notes are an integral part of these accounts.



## NOTES TO THE ACCOUNTS - 31 MAY 1991

## 2. ACCOUNTING POLICIES

## a) BASIS OF PREPARATION

The accounts are prepared in accordance with the historical cost convention.

## b) TURNOVER

Turnover represents receipts from match days, the Football League, the Football Association and is stated net of value added tax.

## c) DEPRECIATION

Depreciation is provided using the straight line method, to write down the cost of tangible fixed assets over their estimated useful lives as follows:

Offices	5 years
Machinery, equipment, furniture and fittings	3 - 5 years
Motor vehicles	3 years

## d) SPONSORSHIP

Where the club has signed sponsorship agreements for set periods the credit for the income arising from the agreement is taken on a time basis spread over the life of the agreement except where the agreement specifies otherwise.

## e) TRANSFER FEES

Transfer fees payable and receivable are charged or credited to the profit and loss account in the year in which the contracts are signed.

## f) DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, on all material timing differences which are not expected to continue for the foreseeable future.

## g) LEASING AND HIRE PURCHASE COMMITMENTS

Assets acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the agreements is charged to the profit and loss account over the period of the contracts and represents a constant proportion of the balance of capital repayments outstanding.

## NOTES TO THE ACCOUNTS - 31 MAY 1991

(CONTINUED)

## 2. TURNOVER

Turnover, all of which arises in the United Kingdom, is stated net of value added tax and comprises:

	<u>1991</u>	<u>1990</u>
Match receipts	£ 808,849	£1,075,600
Advertising and sponsorship receipts	125,625	138,039
Receipts from Football League and Football Association	293,984	308,860
Profit on sale of programmes	23,965	38,769
Other income	248,129	214,818
	<hr/>	<hr/>
	£1,500,552	£1,776,086
	=====	=====

## 3. STAFF COSTS

## a) Staff costs

Wages and salaries	£1,393,580	£1,235,008
Social security costs	140,868	127,728
Other pension costs	67,946	76,125
	<hr/>	<hr/>
	£1,602,394	£1,438,861
	=====	=====

## b) Average number of employees:

	<u>Number</u>	<u>Number</u>
Full-time playing, training and management	38	40
Administration and maintenance	19	21
	<hr/>	<hr/>
	57	61
	=====	=====

## NOTES TO THE ACCOUNTS - 31 MAY 1991

## (CONTINUED)

## 4. FINANCING CHARGES

	<u>1991</u>	<u>1990</u>
Interest on bank overdraft	£ 33,531	£ 52,345
Interest under finance leases	18,897	10,055
Other interest	31,500	-
	<u>83,928</u>	<u>62,400</u>
Interest receivable	(1,633)	(794)
	<u>£ 82,295</u>	<u>£ 61,606</u>
	=====	=====

## 5. EXCEPTIONAL ITEM

Abortive ground development expenditure	£ 107,710	£ -
	=====	=====

## 6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

The profit/(loss) on ordinary activities before taxation  
is stated after charging:

Auditors' remuneration	£ 10,000	£ 13,000
Depreciation	59,883	46,340
	=====	=====

## 7. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	<u>1991</u>	<u>1990</u>
Corporation tax	£ 4,332	£ -
	=====	=====

## 8. TANGIBLE FIXED ASSETS

	<u>Leasehold premises</u>	<u>Offices</u>	<u>Machinery equipment, furniture &amp; fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
<b>COST</b>					
At 1 June 1990	£ 55,000	£ 33,238	£ 53,943	£ 117,027	£ 259,208
Additions	-	-	32,318	103,726	136,044
Disposals	-	-	-	(71,075)	(71,075)
At 31 May 1991	£ 55,000	£ 33,238	£ 86,261	£ 149,678	£ 324,177
<b>DEPRECIATION</b>					
At 1 June 1990	£ 55,000	£ 28,277	£ 41,496	£ 56,517	£ 181,290
Charge for period	-	4,961	14,086	40,836	59,883
Released on disposal	-	-	-	(49,358)	(49,358)
At 31 May 1991	£ 55,000	£ 33,238	£ 55,582	£ 47,995	£ 191,815
<b>NET BOOK VALUE</b>					
At 31 May 1991	£ -	£ -	£ 30,679	£ 101,683	£ 132,362
At 31 May 1990	£ -	£ 4,961	£ 12,447	£ 60,510	£ 77,918
	=====	=====	=====	=====	=====

## NOTES TO THE ACCOUNTS - 31 MAY 1991

(CONTINUED)

## 8. TANGIBLE FIXED ASSETS (continued)

The net book value of assets held under finance leases at 31 May 1991 was £100,127 (1990 - £60,510).

## 9. DEBTORS

	<u>1991</u>	<u>1990</u>
Trade debtors	£ 314,302	£ 139,879
Other debtors	445,993	391,456
Prepayments and accrued income	90,690	29,610
	<hr/>	<hr/>
	£ 850,985	£ 560,945
	=====	=====

Other debtors include £85,449 (1990 - £45,449) which is not scheduled for repayment within one year.

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank overdraft	£ -	£ 346,338
Obligations under finance leases (note 12)	30,839	19,705
Trade creditors	402,377	392,246
Other taxes and social security payments	305,084	95,849
Accruals and deferred income	352,944	140,458
Other creditors	-	105,855
	<hr/>	<hr/>
	£1,091,244	£1,100,451
	=====	=====

## 11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Amount due to directors and companies controlled by directors (see below)	£ 1,689,087	£1,413,462
Amount due to former director and a company controlled by him (see below)	1,370,817	1,402,817
Obligations under finance leases (note 12)	75,106	46,069
Other creditors	273,690	-
	<hr/>	<hr/>
	£3,408,700	£2,862,348
	=====	=====

Since the year end the company has received a demand for payment in full of the amount lent to the company by the former director and a company controlled by him although the matter has not progressed further. Currently the company is in negotiations with these parties and also with its directors and companies controlled by them to convert all outstanding loans totalling £3,059,904 at 31 May 1991 into preference shares.

(CONTINUED)

## 12. OBLIGATIONS UNDER FINANCE LEASES

The future minimum lease payments to which the company is committed under finance leases are as follows:

	<u>1991</u>	<u>1990</u>
Within one year	£ 45,983	£ 28,181
Between one to two years	43,467	44,393
Between two to five years	49,755	9,963
	<hr/>	<hr/>
	139,205	82,537
Interest included above	(33,260)	(16,763)
	<hr/>	<hr/>
	£ 105,945	£ 65,774
	=====	=====
Obligations payable within one year	£ 30,839	£ 19,705
Obligations payable after more than one year	75,106	46,069
	<hr/>	<hr/>
	£ 105,945	£ 65,774
	=====	=====

## 13. CALLED UP SHARE CAPITAL

Authorised, issued and fully paid:  
350,000 shares of £1 each

£ 350,000	£ 350,000
=====	=====

On 4 November 1991 the company increased its authorised share capital to £1,500,000 by the creation of an additional 1,150,000 ordinary shares of £1 each. On 12 November 1991 the company issued a further 100,000 ordinary shares of £1 each at par as a result of a rights issue to provide additional working capital.

## 14. POST BALANCE SHEET EVENTS

On 31 August 1992 the company entered into an agreement to take a leasehold interest for 20 years of The Valley Stadium with a company controlled by its directors.

On the same date by way of a novation of certain contracts the company assumed capital commitments relating to the re-development of The Valley amounting to approximately £3 million.