

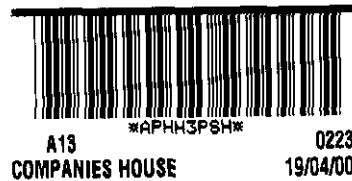
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CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

Company registration number 1788466

**FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 30 JUNE 1999



NUNN HAYWARD

Chartered Accountants

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FOR THE YEAR ENDED 30 JUNE 1999

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DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements of the company for the year ended 30 June 1999.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of a professional football club, together with related commercial activities.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £1,373,678

The directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as follows:

R N Alwen  
G P Bone  
N E Capelin  
R D Collins  
M A Gebbett  
D J Hughes  
R D King  
R A Murray  
M A Simons  
M C Stevens  
D C Sumners  
D G Ufton  
P D Varney  
R C Whitehand

Mr R D King resigned as a director on 15 October 1999.

Mr M A Gebbett resigned as a director on 1 November 1999.

Mrs W J Perfect was appointed as a director on 1 November 1999.

No director held any beneficial interest in the share capital of the company at 30 June 1999. The interest of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

DIRECTORS' REPORT (CONTINUED)

**FIXED ASSETS**

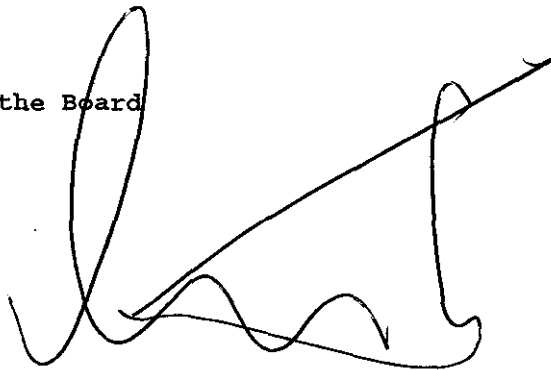
Details of movements in the fixed assets of the company are disclosed in notes 8 and 9 to the financial statements.

**AUDITORS**

The auditors, Nunn Hayward, will be proposed for reappointment in accordance with Section 384 of the Companies Act 1985.

By Order of the Board

N Capelin  
Director

A large, stylized handwritten signature in black ink, likely belonging to N Capelin, written over the text 'By Order of the Board'.

Registered Office: The Valley  
Floyd Road  
Charlton  
London SE7 8BL.

Date: 22 November 1999

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 profit or loss of the company for that period. 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;
- follow applicable accounting standards 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 that 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.

**AUDITORS' REPORT TO THE MEMBERS OF**

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**

We have audited the financial statements set out on pages 5 to 15 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 pages 7 and 8.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

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

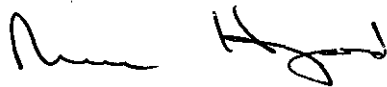
**BASIS OF OPINION**

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 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 circumstances of the company, 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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 30 June 1999 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**NUNN HAYWARD**  
**Chartered Accountants**  
**and Registered Auditors**

60-70 Coombe Road  
New Malden  
Surrey KT3 4QW.

Date: 22 November 1999

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1999

		1999	1998
		£	£
TURNOVER	2	16,273,825	5,769,909
Cost of sales		2,162,194	1,048,873
Administrative expenses		1,206,963	847,930
Player and match expenses		9,893,346	5,090,646
		<u>(13,262,503)</u>	<u>(6,987,449)</u>
OPERATING PROFIT/(LOSS) BEFORE PLAYERS' TRANSFER FEES		3,011,322	(1,217,540)
Players' transfer fees	4	<u>(1,589,399)</u>	<u>(587,775)</u>
OPERATING PROFIT/(LOSS)		1,421,923	(1,805,315)
Interest payable and similar charges	5	<u>(48,245)</u>	<u>(117,747)</u>
PROFIT/(LOSS) ON ACTIVITIES BEFORE TAXATION	6	1,373,678	(1,923,062)
Taxation on profit/(loss) on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT/(LOSS) for the financial year	15	<u>£1,373,678</u>	<u>£(1,923,062)</u>

All amounts derive from continuing operations.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 30 JUNE 1999

	1999	1998
	£	£
Profit/(loss) for the year	1,373,678	(1,923,062)
Unrealised surplus on revaluation of buildings	2,215,166	-
Total recognised gains and losses for the year	<u>3,588,844</u>	<u>(1,923,062)</u>

The accompanying notes form part of these financial statements.

BALANCE SHEET AT 30 JUNE 1999

	Notes	1999	1998
		£	£
<b>FIXED ASSETS</b>			
Intangible	8	5,328,250	3,944,396
Tangible	9	17,851,065	12,221,550
		<u>23,179,315</u>	<u>16,165,946</u>
<b>CURRENT ASSETS</b>			
Stock		162,687	133,941
Debtors	10	3,710,187	1,488,849
Cash at bank and in hand		477,690	23,700
		<u>4,350,564</u>	<u>1,646,490</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	<u>20,748,124</u>	<u>16,752,773</u>
<b>NET CURRENT LIABILITIES</b>		<u>(16,397,560)</u>	<u>(15,106,283)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,781,755	1,059,663
<b>CREDITORS: Amounts falling due after more than one year</b>	12	(2,346,464)	(1,053,190)
<b>DEFERRED INCOME</b>	13	<u>(4,314,746)</u>	<u>(3,474,772)</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>£ 120,545</u>	<u>£ (3,468,299)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	4,982,564	4,982,564
Profit and loss account	15	(5,535,003)	(6,908,681)
Revaluation surplus/ (deficit)	15	672,984	(1,542,182)
Shareholders Funds	16	<u>£ 120,545</u>	<u>£ (3,468,299)</u>

Signed on behalf of the Board

R A Murray  
Director

Approved by the Board on 22 November 1999

The accompanying notes form part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999

1. ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied are as follows:

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, as modified by the revaluation of land and buildings.

1.2 TURNOVER

Turnover represents gate receipts and commercial income exclusive of value added tax.

1.3 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:

Freehold buildings	2%
Ground improvements	2%
Interior fit outs	10%
Ground and office equipment	20% - 33.3%
Motor vehicles	33.3%

In previous years ground improvements have been depreciated at a rate of nil% on the grounds that the aggregate residual value was at least equal to the book value. In accordance with FRS15 depreciation on ground improvements is now depreciated at 2% per annum.

1.4 STOCKS

Stocks which comprise goods for resale are valued at the lower of cost and net realisable value.

1.5 GRANTS RECEIVED

Grants received in respect of safety work and ground improvements are treated as deferred income and released to the profit and loss account over the life of the assets to which they relate.

1.6 VALLEY INVESTMENT PLAN

The net amount received by the company through the Valley Investment Plan is treated as deferred income and is being released to the profit and loss account over the period in which the investors receive a free season ticket or a discount on the price of season tickets or match tickets.

1.7 TRANSFER FEES

The costs of players' registrations are capitalised and amortised over the period of the respective players' contracts.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

1.8 SIGNING ON FEES

Signing on fees are recognised in the profit and loss account evenly over the period covered by the players's contracts.

1.9 DEFERRED TAXATION

Provision is made for deferred taxation, using the liability method, on all material timing differences which are expected to be reversed in the foreseeable future.

1.10 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 estimated useful lives. The interest element of these obligations is charged to the profit and loss account over the terms of the relevant agreements.

1.11 PENSION COSTS

Defined contribution pension arrangements are made for certain employees. Contributions are charged to the profit and loss account as they are incurred.

2. TURNOVER

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

	1999	1998
	£	£
Television and broadcast	6,639,874	1,083,571
Match day	5,352,815	2,827,109
Marketing and sponsorship	2,179,980	895,421
Retail and other	1,280,730	639,452
Match programmes	472,994	265,514
Conference and banqueting	347,432	58,842
	<hr/>	<hr/>
	£16,273,825	£5,769,909
	<hr/>	<hr/>

3. STAFF COSTS

3.1 Staff costs

	1999	1998
	£	£
Wages and salaries	7,422,874	4,053,844
Social security costs	733,905	370,131
Other pension costs	69,425	106,149
	<hr/>	<hr/>
	£8,226,204	£4,530,124
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

3. STAFF COSTS (continued)

3.2 Average number of employees:

	1999 Number	1998 Number
Full-time playing, training and football management	70	57
Administration commercial and stadium maintenance	50	35
	<u>120</u>	<u>92</u>

3.3 Directors' remuneration including benefits in kind amounted to £218,574 (1998 - £138,493).

4. PLAYERS' TRANSFER FEES

	1999 £	1998 £
Proceeds of players' registrations sold	630,347	314,639
Net book value of players' registrations sold	(18,859)	(78,710)
Amortisation of players' registrations	(2,200,887)	(823,704)
	<u>(1,589,399)</u>	<u>(587,775)</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Interest on bank loans and overdrafts	-	26,637
Interest under finance leases	5,476	3,425
Other interest	-	746
Interest on loans repayable within 5 years not by instalments	72,866	142,682
Interest on loans repayable over 5 years by instalments	48,975	-
	<u>127,317</u>	<u>173,490</u>
Interest receivable	(79,072)	(55,743)
	<u>£ 48,245</u>	<u>£117,747</u>

6. PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999	1998
The profit/(loss) on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit fee	13,500	12,000
Other services	7,260	3,620
Directors' remuneration	218,574	153,130
Depreciation	516,409	84,856
Rentals under operating leases		
Hire of plant and machinery	30,503	5,074
Other operating leases	259,543	172,031
	<u>174,803</u>	<u>85,068</u>
and after crediting:		
Amortisation of grant		
	<u>174,803</u>	<u>85,068</u>

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

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

There is no liability to UK corporation tax (1998 - nil).

8. INTANGIBLE FIXED ASSETS

	£
<b>Cost of players' registrations</b>	
At 1 July 1998	5,238,888
Additions	3,603,600
Disposals	(689,675)
	<hr/>
At 30 June 1999	8,152,813
	<hr/>
<b>Amortisation of players' registrations</b>	
At 1 July 1998	1,294,492
Charged in year	2,200,887
Disposals	(670,816)
	<hr/>
At 30 June 1999	2,824,563
	<hr/>
<b>Net book value of players' registrations</b>	
At 30 June 1999	5,328,250
	<hr/>
At 30 June 1998	3,944,396
	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)**

**9. TANGIBLE FIXED ASSETS**

	Freehold property £	Ground improve- ments £	Ground and office equipment £	Motor vehicles £	Total £
<b>COST OR VALUATION</b>					
At 1 July 1998	-	11,674,752	892,269	65,911	12,632,932
Additions	94,190	3,648,908	203,184	-	3,946,282
Reclassification	-	(89,367)	89,367	-	-
Disposals	-	(13,258)	-	(6,750)	(20,008)
Adjustment on revaluation	810	1,868,965	-	-	1,869,775
At 30 June 1999	95,000	17,090,000	1,184,820	£59,161	18,428,981
<b>DEPRECIATION</b>					
At 1 July 1998	-	-	392,987	18,395	411,382
Charge for year	-	345,391	154,435	16,583	516,409
Released on disposal	-	-	-	(4,484)	(4,484)
Adjustment on revaluation	-	(345,391)	-	-	(345,391)
At 30 June 1999	-	-	542,422	30,494	577,916
<b>NET BOOK VALUE</b>					
At 30 June 1999	£95,000	£17,090,000	£637,398	£28,667	£17,851,065
At 30 June 1998	£ -	£11,674,752	£499,282	£47,516	£12,221,550

With the exception of ground improvements, tangible fixed assets are stated at cost. The original cost of ground improvements amounts to £16,857,407.

Ground improvements were valued as at 30 June 1999 by Latham Yeomans, Chartered Surveyors, on the basis of depreciated replacement cost in the case of ground improvements and open market value for existing use in the case of freehold property.

The net book value of assets held under finance leases at 30 June 1999 was £62,750 (1998 - £71,707). The depreciation charge relating to these assets amounted to £22,221 (1998 - £nil).

**10. DEBTORS**

	1999 £	1998 £
Trade debtors	1,194,899	225,826
Amounts owed by group undertakings	1,509,593	-
Other debtors	21,391	364,464
Prepayments and accrued income	984,304	898,559
	<u>£3,710,187</u>	<u>£1,488,849</u>

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)**

<b>11. CREDITORS:</b> Amounts falling due within one year	1999	1998
	£	£
Bank overdraft (Note 11.1)	574,274	480,526
Bank loans and overdrafts (Note 12.1)	216,303	-
Amounts due to directors and companies controlled by directors	250,000	-
Obligations under finance leases	20,616	14,587
Amounts owed to group undertakings	14,384,266	10,966,838
Football Trust loan	16,665	39,996
Trade creditors	1,508,187	2,337,594
Social security and other taxes	1,203,842	332,276
Other creditors	95,500	63,974
Accruals	399,355	469,017
Deferred income (Note 11.2)	2,079,116	2,047,965
	<u>£20,784,124</u>	<u>£16,752,773</u>

**11.1 Bank overdraft**

The bank overdraft is secured by a fixed and floating charge over the group's assets subordinated to the bank loan security.

**11.2 Deferred income**

Deferred income consists of season ticket, sponsorship and other elements of income which have been received prior to the year end.

<b>12. CREDITORS:</b> Amounts falling due after more than one year	1999	1998
	£	£
Bank loan (Note 12.1)	2,321,126	-
Amount due to directors and companies controlled by directors	-	1,000,000
Football Trust loan	-	16,665
Obligations under finance leases	25,338	36,525
	<u>£2,346,464</u>	<u>£1,053,190</u>

**12.1 Bank loan**

Repayment terms of the bank loan are as follows

	1999	1998
	£	£
Between one and two years	238,744	-
Between two and five years	850,877	-
Over five years	1,231,505	-
	<u>£2,321,126</u>	<u>£ -</u>

The loan is secured by a fixed and floating charge over the group's assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

12. CREDITORS: Amounts falling due  
after more than one year (continued)

12.2 Obligations under finance leases

Obligations under finance leases, which are all repayable within five years, are secured by related leased assets.

13. DEFERRED INCOME

	1999			1998		
	Valley			Valley		
	Grants Receivable	Investment Plan	Total	Grants Receivable	Investment Plan	Total
	£	£	£	£	£	£
At 1 July 1998	3,134,500	340,272	3,474,772	3,101,149	425,340	3,526,489
Receivable in year	1,014,777	-	1,014,777	33,351	-	33,351
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	4,149,277	340,272	4,489,549	3,134,500	425,340	3,559,840
Released to profit & loss account	(89,736)	(85,067)	(174,803)	-	(85,068)	(85,068)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1999	£4,059,541	£255,205	£4,314,746	£3,134,500	£340,272	£3,474,772
	=====	=====	=====	=====	=====	=====

14. CALLED UP SHARE CAPITAL

	1999	1998
Authorised:		
5,500,000 ordinary shares of £1 each	£5,500,000	£5,500,000
	<hr/>	<hr/>
Allotted, issued and fully paid		
4,982,564 ordinary shares of £1 each	£4,982,564	£4,982,564
	<hr/>	<hr/>

15. RESERVES

	Profit and loss account £	Revaluation surplus £
At 1 July 1998	(6,908,681)	(1,542,182)
Profit for year	1,373,678	-
Revaluation surplus	-	2,215,166
	<hr/>	<hr/>
At 30 June 1999	£ (5,535,003)	£ 672,984
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Shareholders' funds at 1 July 1998	(3,468,299)	(1,545,237)
Profit/(loss) for year	1,373,678	(1,923,062)
Revaluation surplus	2,215,166	-
Shareholders' funds at 30 June 1999	<u>£ 120,545</u>	<u>£(3,468,299)</u>

17. OPERATING LEASE COMMITMENTS

At 30 June 1999 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings	Other
Leases which expire:		
Within 1 year	-	16,420
Within 2 - 5 years inclusive	-	40,048
After 5 years	129,000	66,401
	<u>£129,000</u>	<u>£122,869</u>

18. CAPITAL COMMITMENTS

At 30 June 1999 the company had capital commitments of £nil,  
(1998 - £3,895,000)

19. CONTINGENT LIABILITIES

At 30 June 1999 additional transfer fees payable of £960,000 (1998 - £461,500) will arise upon players making specific numbers of appearances.

On 26 August 1999 the company received notification that the Trustees of The Football League Limited Pension and Life Assurance Scheme had decided to wind up the Scheme with effect from 31 August 1999. The Trustees are unable at the present time to advise participating employers of their share of potential liabilities arising as a result of this action.

The company has guaranteed the bank overdrafts and loans of its fellow subsidiary. At 30 June 1999 the amounts outstanding were nil.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 1999 (CONTINUED)

20. GOING CONCERN

The accounts have been prepared on a going concern basis notwithstanding the company's net current liabilities at 30 June 1999 on the basis that the parent company will continue to provide support and that the accounts do not include in the balance sheet the value of the playing staff who had an insurance valuation of £21,000,000 at 30 June 1999.

21. RELATED PARTIES

The ultimate parent company is Charlton Athletic plc, a company incorporated in England. The consolidated accounts of this group are available to the public and can be obtained from The Valley, Floyd Road, Charlton, London SE7 8BL.