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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

Company registration number 1788466

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001**

NUNN HAYWARD
Chartered Accountants



CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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FOR THE YEAR ENDED 30 JUNE 2001

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CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT

The directors present herewith their annual report together with the audited financial statements of the company for the year ended 30 June 2001.

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 £346,731.

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
G B C Franklin
D J Hughes
R A Murray
W J Perfect
M A Simons
M C Stevens
D C Sumners
D G Ufton
P D Varney
D White
R C Whitehand

D White was appointed as a director on 29 January 2001.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

DIRECTORS' REPORT (continued)

No director held any beneficial interest in the share capital of the company at 30 June 2001. The interest of the directors in the share capital of the parent company are disclosed in the financial statements of that company other than those shown below:

	Ordinary shares of 50 p each	
	30 June 2001	30 June 2000 (or date of appointment)
R N Alwen	810,776	810,776
N E Capelin	7,000	7,000
R D Collins	183,804	182,804
D Hughes	1,912,433	1,821,524
W J Perfect	-	-
D G Ufton	-	28,228
P D Varney	40,339	31,250
D White	1,936,873	1,936,873

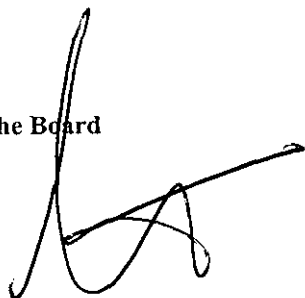
R N Alwen's interest includes a non-beneficial interest in 510,000 shares owned by the Alwen Family Children Trust of which he is a trustee.

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 E Capelin
Director



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

Date: 11 December 2001

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

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

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

We have audited the financial statements set out on pages 5 to 15 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of the directors and auditors

As described on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 if 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 or material inconsistencies with the financial statements.

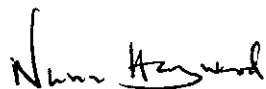
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



NUNN HAYWARD
Chartered Accountants
Registered Auditors

66/70 Coombe Road
New Malden
Surrey
KT3 4QW.

Date: 11 December 2001

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 £	2000 £
TURNOVER	2	28,317,326	11,746,268
Cost of sales		(3,019,108)	(2,337,753)
Gross profit		25,298,218	9,408,515
Administrative expenses	3	(25,358,015)	(16,021,770)
OPERATING LOSS		(59,797)	(6,613,255)
Profit on disposal of players		353,667	3,954,045
PROFIT/(LOSS) BEFORE INTEREST AND TAXATION		293,870	(2,659,210)
Net interest receivable/(payable)	5	52,861	(142,677)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		346,731	(2,801,887)
Taxation	6	-	-
PROFIT/(LOSS) for the financial year	15	£346,731	£(2,801,887)

All amounts derive from continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

BALANCE SHEET AT 30 JUNE 2001

	Notes	£	2001 £	£	2000 £
FIXED ASSETS					
Intangible	7		12,658,159		4,951,036
Tangible	8		20,079,370		17,732,943
			<u>32,737,529</u>		<u>22,683,979</u>
CURRENT ASSETS					
Stock	9	189,233		217,905	
Debtors	10	3,885,796		3,260,907	
Cash at bank and in hand		2,493,148		4,586,062	
		<u>6,568,177</u>		<u>8,064,874</u>	
CREDITORS: Amounts falling due within one year	11	34,880,469		26,911,369	
NET CURRENT LIABILITIES			<u>(28,312,292)</u>		<u>(18,846,495)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			4,425,237		3,837,484
CREDITORS: Amounts falling due after more than one year	12		(1,848,423)		(2,159,865)
DEFERRED INCOME	13		(4,911,425)		(4,358,961)
			<u></u>		<u></u>
NET (LIABILITIES)/ASSETS			<u>£(2,334,611)</u>		<u>£(2,681,342)</u>
CAPITAL AND RESERVES					
Called up share capital	14		4,982,564		4,982,564
Profit and loss account	15		(7,990,159)		(8,336,890)
Revaluation reserve	15		672,984		672,984
			<u></u>		<u></u>
Shareholders' Funds	16		<u>£(2,334,611)</u>		<u>£(2,681,342)</u>

Signed on behalf of the Board

R A Murray
Director

Approved by the Board on 11 December 2001

The accompanying notes form part of these financial statements

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001

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 income receivable from commercial activities excluding transfer fees and value added tax.

1.3 REVALUATION OF FREEHOLD PROPERTY AND GROUND IMPROVEMENTS

Freehold property and ground improvements are fully revalued every five years with an interim valuation carried out three years into every five year period.

1.4 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%

1.5 STOCKS

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

1.6 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.

1.7 LONG TERM SEASON TICKET SCHEMES

The net amount received by the company through long term season ticket schemes is treated as deferred income in the balance sheet and is released to the profit and loss account over the period in which the investors receive their season ticket.

1.8 TRANSFER FEES

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

1.9 SIGNING ON FEES

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

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 (continued)

1.10 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.

1.11 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. Rentals payable under operating leases are charged to the profit and loss account as incurred.

1.12 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:

	2001	2000
	£	£
Television and broadcast	15,755,910	3,279,339
Match day	7,370,295	5,153,544
Marketing and sponsorship	3,170,077	1,311,620
Retail and other	1,269,740	1,409,578
Conference and banqueting	751,304	592,187
	<u>£28,317,326</u>	<u>£11,746,268</u>

3. ADMINISTRATIVE EXPENSES

	2001	2000
	£	£
Auditors' remuneration - audit	18,500	13,500
- non audit	25,300	20,600
Staff costs (note 4)	16,659,782	10,709,886
Depreciation	730,811	538,134
Amortisation of players' registrations	4,660,305	1,959,060
Hire of plant and machinery	119,382	71,805
Other operating lease rentals	307,587	253,518
Grants released	(102,358)	(102,357)
Other operating charges	2,938,706	2,557,624
	<u>£25,358,015</u>	<u>£16,021,770</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 (continued)

4. STAFF COSTS

	2001	2000
	£	£
4.1 Staff costs		
Wages and salaries	14,789,596	9,570,070
Social security costs	1,797,524	1,032,912
Other pension costs	72,662	106,904
	<u>£16,659,782</u>	<u>£10,709,886</u>

4.2 Average number of employees:

	2001	2000
	Number	Number
Full-time playing, training and football management	77	72
Administration commercial and stadium maintenance	100	80
	<u>177</u>	<u>152</u>

4.3 Directors' emoluments

	2001	2000
	£	£
Remuneration for management services	385,283	219,219
Pension contributions to money purchase schemes on behalf of two directors	58,664	64,550
Compensation for loss of office	-	18,474
	<u>£443,947</u>	<u>£302,243</u>

5. NET INTEREST RECEIVABLE/(PAYABLE)

	2001	2000
	£	£
Interest on bank loans and overdrafts	(159,363)	(186,430)
Interest under finance leases	(11,524)	(11,671)
Other interest	(13,077)	(24,294)
	<u>(183,964)</u>	<u>(222,395)</u>
Interest receivable	236,825	79,718
	<u>£52,861</u>	<u>£(142,677)</u>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 *(continued)*

6. TAX ON ORDINARY ACTIVITIES

There is no liability to UK corporation tax (2000 - nil).

7. INTANGIBLE FIXED ASSETS

	£
Cost of players' registrations	
At 1 July 2000	7,993,692
Additions	12,628,761
Disposals	(1,155,000)
	<hr/>
At 30 June 2001	£19,467,453
	<hr/>
Amortisation of players' registrations	
At 1 July 2000	3,042,656
Charged in year	4,660,305
Disposals	(893,667)
	<hr/>
At 30 June 2001	£6,809,294
	<hr/>
Net book value of players' registrations	
At 30 June 2001	£12,658,159
	<hr/>
At 30 June 2000	£4,951,036
	<hr/>

FIFA, the controlling body for world football, have now reached agreement with the European Commission on the main principles for the amendment of FIFA's rules regarding international transfers. The United Kingdom domestic transfer system remains unaltered. In the opinion of the directors no adjustment to the carrying value of players' registrations is required.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 (continued)

8. TANGIBLE FIXED ASSETS

	Freehold property £	Assets under con- struction £	Ground improve- ments £	Ground and office equipment £	Motor vehicles £	Total £
Cost or valuation						
At 1 July 2000	95,000	-	17,137,195	1,393,391	206,178	18,831,764
Additions	-	2,389,641	363,285	324,312	-	3,077,238
Disposals	-	-	-	-	-	-
At 30 June 2001	95,000	2,389,641	17,500,480	1,717,703	206,178	21,909,002
Depreciation						
At 1 July 2000	-	-	380,433	702,227	16,161	1,098,821
Charge for year	-	-	402,874	264,598	63,339	730,811
Released on disposal	-	-	-	-	-	-
At 30 June 2001	-	-	783,307	966,825	79,500	1,829,632
Net book value						
At 30 June 2001	£95,000	£2,389,641	£16,717,173	£750,878	£126,678	£20,079,370
At 30 June 2000	£95,000	£-	£16,756,762	£691,164	£190,017	£17,732,943

Freehold property and 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, with subsequent additions at cost, as follows:

	Freehold property £	Ground improvements £
Valuation 30 June 1999	95,000	17,090,000
Cost	-	410,480
	95,000	17,500,480

The net book value of assets held under finance leases at 30 June 2001 was £137,686 (2000 - £197,601). The depreciation charge relating to these assets amounted to £69,459 (2000 - £10,540).

9. STOCKS

	2001 £	2000 £
Goods for resale	£189,233	£217,905

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 *(continued)*

10. DEBTORS

	2001	2000
	£	£
Trade debtors	2,522,688	2,248,545
Amounts owed by group undertakings	218,428	-
Other debtors	20,931	34,099
Prepayments and accrued income	1,123,749	978,263
	<hr/>	<hr/>
	£3,885,796	£3,260,907
	<hr/>	<hr/>

11. CREDITORS: Amounts falling due within one year

	2001	2000
	£	£
Bank loan (Note 12.1)	261,184	238,743
Obligations under finance leases (Note 12.2)	64,836	67,224
Amounts owed to group undertakings	22,640,042	16,033,363
Trade creditors	3,578,078	1,212,007
Bill of exchange payable	-	1,635,000
Social security and other taxes	2,641,479	1,689,509
Other creditors	80,984	59,751
Accruals	350,419	962,068
Deferred income (Note 11.1)	5,263,447	5,013,704
	<hr/>	<hr/>
	£34,880,469	£26,911,369
	<hr/>	<hr/>

11.1 Deferred income

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

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

	2001	2000
	£	£
Bank loan (Note 12.1)	1,824,939	2,084,323
Obligations under finance leases (Note 12.2)	23,484	75,542
	<hr/>	<hr/>
	£1,848,423	£2,159,865
	<hr/>	<hr/>

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 (continued)

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

12.1 Bank loan

Repayment terms of the bank loan are as follows

	2001	2000
	£	£
Between one and two years	283,626	261,184
Between two and five years	985,521	918,198
Over five years	555,792	904,941
	<u>1,824,939</u>	<u>2,084,323</u>
Within one year	261,184	238,743
	<u>£2,086,123</u>	<u>£2,323,066</u>

The loan is secured by a fixed and floating charge over the group's assets. The loan is repayable in instalments by March 2007 at a fixed rate of interest of 7.095%.

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

	2001			2000		
	Grants receivable	VIP & North Stand Patron Scheme	Total	Grants Receivable	VIP Scheme	Total
	£	£	£	£	£	£
At 1 July 2000	4,188,824	170,137	4,358,961	4,059,541	255,205	4,314,746
Receivable	25,000	714,894	739,894	231,640	-	231,640
	<u>4,213,824</u>	<u>885,031</u>	<u>5,098,855</u>	<u>4,291,181</u>	<u>255,205</u>	<u>4,546,386</u>
Released to profit & loss account	(102,358)	(85,072)	(187,430)	(102,357)	(85,068)	(187,425)
	<u>£4,111,466</u>	<u>£799,959</u>	<u>£4,911,425</u>	<u>£4,188,824</u>	<u>£170,137</u>	<u>£4,358,961</u>

14. CALLED UP SHARE CAPITAL

	2001	2000
Authorised:		
5,500,000 ordinary shares of £1 each	£5,500,000	£5,500,000
Allotted, issue and fully paid		
4,982,564 ordinary shares of £1 each	£4,982,564	£4,982,564

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 (continued)

15. RESERVES

	Profit and loss account £	Revaluation surplus £
At 1 July 2000	(8,336,890)	672,984
Profit for year	346,731	-
	<hr/>	<hr/>
At 30 June 2001	£(7,990,159)	£672,984
	<hr/>	<hr/>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Shareholders' funds at 1 July 2000	(2,681,342)	120,545
Profit/(loss) for year	346,731	(2,801,887)
	<hr/>	<hr/>
Shareholders' funds at 30 June 2001	£(2,334,611)	£(2,681,342)
	<hr/>	<hr/>

17. OPERATING LEASE COMMITMENTS

At 30 June 2001 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	-	15,652
Within 2 - 5 years inclusive	67,000	33,180
After 5 years	104,000	66,401
	<hr/>	<hr/>
	£171,000	£115,233
	<hr/>	<hr/>

18. CAPITAL COMMITMENTS

At 30 June 2001 the company had capital commitments totalling £5,602,000. (2000 £nil).

19. CONTINGENT LIABILITIES

At 30 June 2001 additional transfer fees payable of £710,000 (2000 £507,000) will arise upon players making specific numbers of appearances, gaining international honours and in one instance subject to the club retaining FA Premier League status.

Additional fees are receivable of £1,868,000 (2000 - £1,833,000) where players sold make specific numbers of appearances, gain international honours and where in one instance the purchasing club gains FA Premier League status.

CHARLTON ATHLETIC FOOTBALL COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2001 *(continued)*

20. GOING CONCERN

The accounts have been prepared on a going concern basis notwithstanding the company's net current liabilities at 30 June 2001 on the basis that the parent company will continue to provide support and that the accounts do not include in the balance sheet the full value of the playing staff who had an insurance valuation of £33,400,000 at 30 June 2001.

21. POST BALANCE SHEET EVENTS

Since the year end, players have been purchased for a cost including transfer levy of £8,169,000 and a player sold for an initial fee of £850,000.

During September 2001 the company completed a new loan facility of £7,500,000 with Lombard North Central to finance the development of the north stand.

22. RELATED PARTY TRANSACTIONS

Mr D Hughes is a director of London Broncos Limited whose transactions during the year with the company in the ordinary course of its activities were as follows:

Sales to and expenses from London Broncos Limited were £204,450 and £62,777 respectively.

Net balance due from London Broncos Limited as at 30 June 2001 was £128,707.

During the year M A Simons was appointed a director of Millennium Radio Limited and in the ordinary course of business the company purchased £41,878 and sold £16,282 of goods and services to that company.

There were no other material transactions with related parties as defined by FRS 8 'Related Party transactions'.

23. ULTIMATE PARENT COMPANY

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.