

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

Company registration number 1788466

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MAY 1996

DUKE HAYWARD

Chartered Accountants



CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1996

Page No.

|        |  |
|--------|--|
| 1 - 2  | Directors' report                          |
| 3      | Statement of directors' responsibilities   |
| 4      | Auditors' report to the members            |
| 5      | Profit and loss account                    |
| 6      | Balance sheet                              |
| 7 - 15 | Notes to the financial statements          |
| 16     | Detailed trading and profit & loss account |

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

**DIRECTORS' REPORT**

The directors present herewith their annual report together with the audited financial statements of the company for the year ended 31 May 1996.

**PRINCIPAL ACTIVITY**

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

**RESULTS AND DIVIDENDS**

The loss for the year after taxation was £1,097,352.

In common with virtually all professional football clubs, the company does not show the value of its playing staff in the balance sheet. At 31 May 1996 playing staff had an insurance valuation of £7,465,000 and in the opinion of the directors this is a conservative valuation in the current transfer market.

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  
S T Clarke (resigned 20 June 1995)  
R D Collins  
J T T Fuller  
D J Hughes (appointed 3 January 1996)  
R A Murray  
C V Norris (appointed 1 July 1995)  
M A Simons  
M C Stevens  
D C Summers (appointed 13 December 1995)  
D G Ufton

No director held any beneficial interest in the share capital of the company at 31 May 1996. The interest of the directors in the share capital of the parent company are disclosed in the financial statements of that company.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

DIRECTORS' REPORT (CONTINUED)

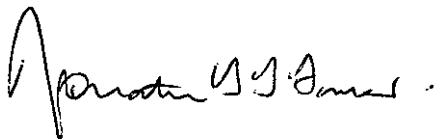
FIXED ASSETS

Details of movements in the fixed assets of the company are disclosed in note 8 to the financial statements.

AUDITORS

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

By Order of the Board



J T T Fuller  
Secretary

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

Date: 29 January 1997

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) 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 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 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.

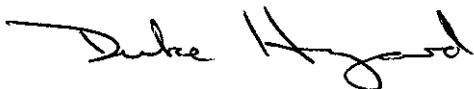
**BASIS OF OPINION**

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 31 May 1996 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DUKE HAYWARD**  
**Chartered Accountants**  
**and Registered Auditors**

11/13 Coombe Road  
New Malden  
Surrey KT3 4PX.

Date: 29 January 1997

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

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MAY 1996**

|  |           | <b>1996</b> |                     | <b>1995</b><br>as restated |                     |
|--|-----------|-------------|---------------------|----------------------------|---------------------|
|  |           | £           | £                   | £                          | £                   |
| <b>TURNOVER - continuing operations</b>                | <b>2</b>  |             | 3,691,187           |                            | 2,720,169           |
| Cost of sales  |           | 476,146     |                     | 374,812                    |                     |
| Administrative expenses                                |           | 414,684     |                     | 471,618                    |                     |
| Player and match expenses                              |           | 3,544,496   |                     | 2,946,338                  |                     |
|  |           |             | <u>(4,435,326)</u>  |                            | <u>(3,792,768)</u>  |
| <b>OPERATING LOSS - continuing operations</b>          |           |             | (744,139)           |                            | (1,072,599)         |
| Financing charges                                      | 4         |             | (233,213)           |                            | (185,462)           |
| Transfer fees receivable<br>less transfer fees payable |           |             | <u>(120,000)</u>    |                            | <u>37,481</u>       |
| <b>LOSS ON ACTIVITIES BEFORE TAXATION</b>              | <b>5</b>  |             | (1,097,352)         |                            | (1,220,580)         |
| Taxation on loss on ordinary activities                | 6         |             | <u>-</u>            |                            | <u>-</u>            |
| <b>LOSS for the financial year</b>                     | <b>14</b> |             | <u>£(1,097,352)</u> |                            | <u>£(1,220,580)</u> |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MAY 1996**

|   | <b>1996</b>         | <b>1995</b>         |
|---|---------------------|---------------------|
|   | <b>£</b>            | <b>£</b>            |
| Loss for the year                                       | (1,097,352)         | (1,220,580)         |
| Unrealised deficit on revaluation of freehold buildings | <u>(1,822,182)</u>  | <u>-</u>            |
| Total recognised gains and losses for the year          | (2,919,534)         | (1,220,580)         |
| Prior year adjustment (note 7)                          | 270,020             | -                   |
| Total gains and losses recognised                       | <u>£(2,649,514)</u> | <u>£(1,220,580)</u> |

The accompanying notes form part of these financial statements.

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

**BALANCE SHEET AT 31 MAY 1996**

|  | Notes | 1996             |                     | 1995<br>as restated |                     |
|--|-------|------------------|---------------------|---------------------|---------------------|
|  |       | £                | £                   | £                   | £                   |
| <b>TANGIBLE FIXED ASSETS</b>   | 8     |                  | 5,845,947           |                     | 7,621,064           |
| <b>CURRENT ASSETS</b>  |       |                  |                     |                     |                     |
| Stock  |       | 74,881           |                     | 36,725              |                     |
| Debtors  | 9     | 255,720          |                     | 326,138             |                     |
| Cash at bank and<br>in hand  |       | 65,131           |                     | 62,037              |                     |
|  |       | <u>395,732</u>   |                     | <u>424,900</u>      |                     |
| <b>CREDITORS: Amounts falling<br/>due within one year</b>              | 10    | <u>5,022,791</u> |                     | <u>3,730,195</u>    |                     |
| <b>NET CURRENT LIABILITIES</b>   |       |                  | <u>(4,627,059)</u>  |                     | <u>(3,305,295)</u>  |
| <b>TOTAL ASSETS LESS CURRENT<br/>LIABILITIES</b>                       |       |                  | 1,218,888           |                     | 4,315,769           |
| <b>CREDITORS: Amounts falling<br/>due after more than one<br/>year</b> | 11    |                  | (1,643,534)         |                     | (1,760,058)         |
| <b>DEFERRED INCOME</b>   | 12    |                  | <u>(3,611,556)</u>  |                     | <u>(3,672,379)</u>  |
| <b>NET LIABILITIES</b>   |       |                  | <u>£(4,036,202)</u> |                     | <u>£(1,116,668)</u> |
| <b>CAPITAL AND RESERVES</b>  |       |                  |                     |                     |                     |
| Called up share capital  | 13    |                  | 4,982,564           |                     | 4,982,564           |
| Profit and loss account  | 14    |                  | (7,196,584)         |                     | (6,099,232)         |
| Revaluation deficit  | 14    |                  | <u>(1,822,182)</u>  |                     | <u>-</u>            |
| Shareholders Funds   | 15    |                  | <u>£(4,036,202)</u> |                     | <u>£(1,116,668)</u> |

Signed on behalf of the Board

R A Murray  
Director

Approved by the Board on 29 January 1997

The accompanying notes form part of these financial statements



CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1996

1. ACCOUNTING POLICIES

The principal accounting policies, which have been consistently applied with the exception of the change set out in Note 1.12 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 freehold properties.

1.2 TURNOVER

Turnover represents receipts from match days, the Football League, the Football Association and other income associated with the principal activity of running a professional football club and is stated net of value added tax.

1.3 DEPRECIATION

Depreciation is not provided in the year of acquisition.

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

|                             |             |
|-----------------------------|-------------|
| Ground and office equipment | 3 - 5 years |
| Motor vehicles              | 3 years     |

Freehold land and buildings are not depreciated as they are maintained to standards laid down under the Safety of Sports Ground Act such that their estimated aggregate residual values are at least equal to their book value. Consequently any element of depreciation would, in the opinion of the directors, be immaterial. Residual values are appraised each year by reference to the estimated depreciated replacement cost of the properties. Provision will be made against the cost of the properties in the event of any permanent diminution in value.

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 from The Football Trust in respect of safety work and ground improvements are carried in the balance sheet 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 in the balance sheet 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 Football League match tickets.

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)

1. ACCOUNTING POLICIES (continued)

1.7 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.

1.8 SIGNING ON FEES/LOYALTY PAYMENTS

Signing on fees/loyalty payments are charged to the profit and loss account in the accounting period in which they are payable.

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.

1.12 CHANGE OF ACCOUNTING POLICY FOR DEPRECIATION

The company's freehold land and buildings are maintained to standards laid down under the Safety of Sports Grounds Act regulations with the effect that the condition of the properties is such that the estimated aggregate residual values are at least equal to their book values. The directors have reviewed the group's depreciation policy for freehold land and buildings and consider that in these circumstances any element of depreciation would be immaterial. This represents a change in accounting policy. The effect of the change is set out in Note 7.

2. TURNOVER

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

|  | 1996              | 1995              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Match receipts   | 1,905,316         | 1,300,137         |
| Marketing, sponsorship and hospitality receipts        | 540,571           | 461,988           |
| Receipts from Football League and Football Association | 317,373           | 343,444           |
| Television and radio rights                            | 209,625           | 75,260            |
| Sale of programmes                                     | 212,379           | 167,605           |
| Shop sales   | 418,478           | 324,865           |
| Other income   | 87,445            | 46,870            |
|  | <u>£3,691,187</u> | <u>£2,720,169</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

|   |                             |                   |
|---|-----------------------------|-------------------|
| <b>3. STAFF COSTS</b>   | <b>1996</b>                 | <b>1995</b>       |
|   | <b>£</b>                    | <b>£</b>          |
| <b>3.1 Staff costs</b>  |                             |                   |
| Wages and salaries  | 2,271,174                   | 2,039,579         |
| Social security costs   | 209,477                     | 190,737           |
| Other pension costs   | 47,111                      | 32,379            |
|   | <u>£2,527,762</u>           | <u>£2,262,695</u> |
| <b>3.3 Average number of employees:</b>                                   | <b>1996</b>                 | <b>1995</b>       |
|   | <b>Number</b>               | <b>Number</b>     |
| Full-time playing, training and management                                | 59                          | 60                |
| Administration and maintenance  | 24                          | 25                |
|   | <u>83</u>                   | <u>85</u>         |
| <b>3.3 Directors' remuneration including benefits in kind</b>             |                             |                   |
| £48,249 (1995 - £58,717).   | amounted to                 |                   |
| <b>4. FINANCING CHARGES</b>   | <b>1996</b>                 | <b>1995</b>       |
|   | <b>£</b>                    | <b>£</b>          |
| Interest on bank loans and overdrafts                                     | 40,135                      | 48,129            |
| Interest under finance leases   | 3,686                       | 2,401             |
| Other interest  | 17,845                      | 56,785            |
| Interest on loans repayable within 5 years not by instalments             | 172,713                     | 78,464            |
|   | <u>234,379</u>              | <u>185,779</u>    |
| Interest receivable   | (1,166)                     | (317)             |
|   | <u>£233,213</u>             | <u>£185,462</u>   |
| <b>5. LOSS ON ORDINARY ACTIVITIES</b>                                     | <b>1996</b>                 | <b>1995</b>       |
|   | <b>£</b>                    | <b>£</b>          |
| The loss on ordinary activities before taxation is stated after charging: |                             |                   |
| Auditors' remuneration  |                             |                   |
| Audit services  | 8,000                       | 8,000             |
| Directors' remuneration   | 48,249                      | 58,717            |
| Depreciation  | 287,093                     | 219,271           |
| Rentals under operating leases  |                             |                   |
| Hire of plant and machinery   | 9,988                       | 9,268             |
| Other operating leases  | 243,397                     | 229,526           |
|   | <u>and after crediting:</u> |                   |
| Amortisation of grant   | 85,039                      | 70,584            |

CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)

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

There is no liability to UK corporation tax (1995 - nil).

7. CHANGE IN ACCOUNTING POLICY FOR DEPRECIATION

The prior year adjustment of £153,834 is made as a result of the change in accounting policy set out in Note 1.12. It is reported in the statement of total recognised gains and losses and is adjusted to opening reserves at 1 June 1994 in Note 14.

The effect of the change in accounting policy is to reduce the current year's loss before taxation by £131,316. The effect on the results for the year ended 31 May 1995 is to reduce the loss before taxation by £116,186 and comparative figures have been restated accordingly.

The release of grants received from the Football Trust to the profit and loss account have been included in the above figures.

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

**8. TANGIBLE FIXED ASSETS**

|                          | Freehold<br>land and<br>buildings<br>£ | Ground and office<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£        |
|--------------------------|--|-------------------------------------|------------------------|-------------------|
| <b>COST OR VALUATION</b> |  |                                     |                        |                   |
| At 1 June 1995           | 7,395,036                              | 378,350                             | 25,956                 | 7,799,342         |
| Additions                | 52,146                                 | 65,657                              | -                      | 117,803           |
| Revaluation<br>deficit   | (1,822,182)                            | -                                   | -                      | (1,822,182)       |
| At 31 May 1996           | <u>£5,625,000</u>                      | <u>£444,007</u>                     | <u>£25,956</u>         | <u>£6,094,963</u> |
| <b>DEPRECIATION</b>      |  |                                     |                        |                   |
| At 1 June 1995           |  |                                     |                        |                   |
| as restated              | -                                      | 152,322                             | 25,956                 | 178,278           |
| Charge for year          | -                                      | 70,738                              | -                      | 70,738            |
| Released on disposal     | -                                      | -                                   | -                      | -                 |
| At 31 May 1996           | <u>£ -</u>                             | <u>£223,060</u>                     | <u>£25,956</u>         | <u>£249,016</u>   |
| <b>NET BOOK VALUE</b>    |  |                                     |                        |                   |
| At 31 May 1996           | <u>£5,625,000</u>                      | <u>£220,947</u>                     | <u>£ -</u>             | <u>£5,845,947</u> |
| At 31 May 1995           |  |                                     |                        |                   |
| as restated              | <u>£7,395,036</u>                      | <u>£226,028</u>                     | <u>£ -</u>             | <u>£7,621,064</u> |

With the exception of freehold land and buildings, tangible fixed assets are stated at cost. The original cost of freehold land and buildings amounts to £7,447,182.

Freehold properties were valued as at 31 May 1996 by DTZ Debenham Thorpe, Chartered Surveyors, on the basis of Open Market Value for Existing Use, in accordance with the definitions set out in the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

No liability for deferred taxation which would arise if the freehold land and buildings were disposed of at the revalued amounts has been provided as there is no intention to dispose of the properties for the foreseeable future.

The net book value of assets held under finance leases at 31 May 1996 was £43,941 (1995 - £58,588). The depreciation charge relating to these assets amounted to £14,647 (1995 - nil).

**9. DEBTORS**

|                                | 1996<br>£       | 1995<br>£       |
|--------------------------------|-----------------|-----------------|
| Trade debtors                  | 56,572          | 78,655          |
| Other debtors                  | 100,566         | 181,398         |
| Prepayments and accrued income | 98,582          | 66,085          |
|                                | <u>£255,720</u> | <u>£326,138</u> |

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

**10. CREDITORS: Amounts falling due within one year**

|  | £                 | £                 |
|--|-------------------|-------------------|
| Bank loans and overdrafts                                      | 486,772           | 277,332           |
| Obligations under finance leases                               | 19,530            | 16,345            |
| Due to group undertakings                                      | 2,270,328         | 1,554,228         |
| Amounts due to directors and companies controlled by directors | 415,000           | -                 |
| Secured deferred loan (Note 11.2)                              | 300,000           | 200,000           |
| Football Trust loan (Note 11.3)                                | 39,996            | 39,996            |
| Trade creditors  | 536,988           | 711,284           |
| Other taxes and social security payments                       | 195,987           | 335,844           |
| Other creditors  | 151,990           | 28,130            |
| Accruals   | 316,041           | 221,577           |
| Deferred income (Note 10.1)                                    | 290,159           | 345,459           |
|  | <u>£5,022,791</u> | <u>£3,730,195</u> |

**10.1 Deferred income**

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

**11. CREDITORS: Amounts falling due after more than one year**

|   | 1996<br>£         | 1995<br>£         |
|---|-------------------|-------------------|
| Amount due to directors and companies controlled by directors (note 11.1) | 1,537,035         | 1,290,036         |
| Secured deferred loan (note 11.2)   | -                 | 300,000           |
| Football Trust loan (Note 11.3)   | 99,990            | 139,986           |
| Obligations under finance leases  | 6,509             | 30,036            |
|   | <u>£1,643,534</u> | <u>£1,760,058</u> |

**11.1 Directors' loans**

The loans have no fixed date for repayment but will not be repaid before 31 May 1997. Interest on normal commercial terms is payable on £1,523,247 of these loans. The other loans of £13,788 are interest free.

**11.2 Secured deferred loan**

The secured deferred loan was repaid on 1 September 1996. The loan was secured by a first legal mortgage over the company's leasehold interest in The Valley and the guarantee of Charlton Athletic Holdings Limited.

**11.3 Football Trust loan**

The loan from The Football Trust is interest free and repayable in monthly instalments.

|                            | £               |
|----------------------------|-----------------|
| Instalments falling due:   |                 |
| Within one year            | 39,996          |
| Between two and five years | 99,990          |
|                            | <u>£139,986</u> |

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

**12. DEFERRED INCOME**

|                       | 1996             |                |                  | 1995             |                |                  |
|-----------------------|------------------|----------------|------------------|------------------|----------------|------------------|
|                       | Grants           | Valley         |                  | Grants           | Valley         |                  |
|                       | Receivable       | Investment     | Total            | Receivable       | Investment     | Total            |
|                       | £                | £              | £                | £                | £              | £                |
| At beginning of year  |                  |                |                  |                  |                |                  |
| as previously stated  |                  |                |                  | 2,509,768        |                |                  |
| Prior year adjustment |                  |                |                  | 49,999           |                |                  |
| As restated           | 3,076,905        | 595,474        | 3,672,379        | 2,559,767        | 680,541        | 3,240,308        |
| Receivable in year    | 24,244           | -              | 24,244           | 517,138          | -              | 517,138          |
|                       | <u>3,101,149</u> | <u>595,474</u> | <u>3,696,623</u> | <u>3,076,905</u> | <u>680,541</u> | <u>3,757,446</u> |
| Released to profit    |                  |                |                  |                  |                |                  |
| & loss account        | -                | (85,067)       | (85,067)         | -                | (85,067)       | (85,067)         |
| At 31 May 1996        | £3,101,149       | £510,407       | £3,611,556       | £3,076,905       | £595,474       | £3,672,379       |
|                       | =====            | =====          | =====            | =====            | =====          | =====            |

**12.1 Grants receivable**

The grants received from The Football Trust of £3,101,149 are only repayable at the discretion of The Football Trust in the event of The Valley ceasing to be used by Charlton Athletic Football Company (1984) Limited for the purposes of football. There is no intention to dispose of The Valley and in these circumstances the directors are of the opinion that the grants will not fall due for repayment. To comply with SSAP 4 the grants will be released to the profit and loss account over the life of the stadium in accordance with the company's depreciation policy.

**13. CALLED UP SHARE CAPITAL**

|                                      | 1996       | 1995       |
|--------------------------------------|------------|------------|
| Authorised:                          |            |            |
| 5,500,000 ordinary shares of £1 each | £5,500,000 | £5,500,000 |
| Allotted, issued and fully paid      |            |            |
| 4,982,564 ordinary shares of £1 each | £4,982,564 | £4,982,564 |

**14. RESERVES**

|                      | 1996         |              | 1995         |
|----------------------|--------------|--------------|--------------|
|                      | Profit and   | Revaluation  | Profit and   |
|                      | loss account | deficit      | loss account |
|                      | £            | £            | £            |
| At beginning of year |              |              |              |
| as previously stated |              |              | (5,032,486)  |
| Prior year           |              |              |              |
| adjustment (Note 7)  |              |              | 153,834      |
| At beginning of year |              |              |              |
| as restated          | (6,099,232)  | -            | (4,878,652)  |
| Loss for year        | (1,097,352)  | -            | (1,220,580)  |
| Revaluation deficit  | -            | (1,822,182)  | -            |
| At 31 May 1996       | £(7,196,584) | £(1,822,182) | £(6,099,232) |

**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

**15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

|   | 1996         | 1995         |
|---|--------------|--------------|
|   | £            | £            |
| Shareholders' funds at beginning of year as previously stated |              | (49,922)     |
| Prior year adjustment (Note 7)                                |              | 153,834      |
|   |              | <hr/>        |
| Shareholders' funds at 31 May 1995 as restated                | (1,116,668)  | 103,912      |
| Loss for the year   | (1,097,352)  | (1,220,580)  |
| Revaluation deficit   | (1,822,182)  | -            |
|   | <hr/>        | <hr/>        |
| Shareholders' funds at 31 May 1996                            | £(4,036,202) | £(1,116,668) |
|   | <hr/>        | <hr/>        |

**16. OPERATING LEASE COMMITMENTS**

At 31 May 1996 the company was committed to making the following payments during the next year in respect of operating leases:

|                      | Land and<br>buildings | Other   |
|----------------------|-----------------------|---------|
|                      | £                     | £       |
| Leases which expire: |                       |         |
| Within one year      | -                     | 76,576  |
| After 5 years        | 129,000               | -       |
|                      | <hr/>                 | <hr/>   |
|                      | £129,000              | £76,576 |
|                      | <hr/>                 | <hr/>   |

**17. CAPITAL COMMITMENTS**

At 31 May 1996 the company had no capital commitments. (1995 - £Nil).

**18. CONTINGENT LIABILITIES**

At 31 May 1996 additional transfer fees payable of £150,000 (1995 - £50,000) will arise upon a player making a specific number of appearances. Signing on fees due to players as part of their contract of employment amounted to £422,833 (1995 - £253,833).



**CHARLTON ATHLETIC FOOTBALL COMPANY (1984) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MAY 1996 (CONTINUED)**

**19. TRANSACTIONS WITH DIRECTORS**

Mr R A Murray is a trustee of the Mongoose Executive Pension Fund. Interest on normal commercial terms of £28,490 was payable in the year in respect of a loan made by this Fund.

Mr R A Murray is a director of Bolistrom Limited. Interest on normal commercial terms of £140,223 was payable in the year in respect of a loan made by this company to provide working capital.

Mr R N Alwen is a trustee of the Alwen Family Children's Trust which received rent of £12,500 on normal commercial terms in the course of the year.

Interest on normal commercial terms of £1,639 was payable in the year in respect of a loan made by Mr C P Bone and of £4,568 in respect of a loan made by Mr M C Stevens.

**20. GOING CONCERN AND POST BALANCE SHEET EVENT**

The accounts have been prepared on a going concern basis notwithstanding the company's net current liabilities and net liabilities at 31 May 1996 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 £7,465,000 at 31 May 1996. In July 1996 Lee Bowyer was sold for £2,812,500 which will provide finance for the company to trade for the foreseeable future.

**21. ULTIMATE PARENT COMPANY**

Charlton Athletic plc, incorporated in England, is the ultimate parent company of the company.