

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Financial Statements - 30 June 2002

REGISTRAR OF COMPANIES

Company no: 2849319

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BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Company Information

DIRECTORS:

H R Knight
R Bloom
D Chapman
K R P Griffiths
M J Perry
R L Pinnock

SECRETARY:

R L Pinnock

REGISTERED OFFICE:

North West Suite
Tower Point
44 North Road
Brighton
BN1 1YR

REGISTERED AUDITORS:

Mazars
37 Frederick Place
Brighton
BN1 4EA

REGISTERED NUMBER:

2849319

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Directors' Report

The directors present their report and the financial statements for the year ended 30 June 2002.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with United Kingdom accounting standards subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and the group and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITY

The principal activity of the group continued to be that of a professional football club as a member of the Football Association and the Nationwide Football League.

BUSINESS REVIEW

The Club has had another eventful year, following promotion to Division 1 of the Nationwide Football League in May 2002. Although cushioned from the full effect of the collapse of the ITV Digital contract, the consequent loss of income for Division 1 clubs resulted in limited financial resources being available to strengthen the playing squad with new players experienced at playing at a higher level. As a result, the Club has had to compete with substantially the same squad as last season. After a disappointing start, the team has settled to Division 1 football and has performed well recently in a battle to avoid relegation. The Board is indebted to the playing staff and the team management for working so hard to achieve our current status.

The year has been an important one for our youth and community activities. The value of the role that football in the community can play has been recognised in several ways. The team running this work won two major Community Awards and the City Council and other authorities are now funding various education and learning schemes using the Club as a catalyst.

The Club continues to find it difficult to generate the level of income enjoyed by most of its rivals because of the restricted capacity of Withdean Stadium. Continued full houses and the limited capacity has resulted in attendance figures and commercial income being broadly in line with the previous year.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Directors' Report (continued)

BUSINESS REVIEW (continued)

The dominant concern of the Club during the period has been the Public Inquiry concerning the Planning Application for a new Community Stadium at Falmer. Brighton and Hove City Council gave the Club a massive vote of confidence last June in approving the planning application by eleven votes to one but the Secretary of State for the Environment chose to call in the application for his own determination which has resulted in a Public Inquiry into the proposals. This commenced in February 2003 and is ongoing. The Board believes that our team of experts have presented our case to the Inspector in the strongest possible terms but a final decision from the Secretary of State is not expected until late 2003.

The Board successfully completed the restructuring of the Club's share capital last June and the changes are reflected in the Group Accounts which are the first ever that the Club has published. On the assumption that planning consent is given, it is the Board's intention to re-classify as a fixed asset the costs of achieving such consent which at the date of the attached Balance Sheet amount to £1.3 million. These costs at present form part of the accumulated losses to date.

RESULTS

The group's retained loss for the year amounted to £732,872 (2001 - £872,898).

The directors are unable to recommend the payment of a dividend.

DIRECTORS

The interests of the directors holding office on 30 June 2002 in the shares of the company, according to the register of directors' interests, were as shown below:

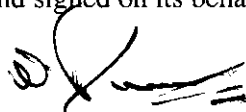
	2002	2001
	Ordinary shares of £1 each	Shares of 1p each
H R Knight	1,367,500	4,550 Ordinary 'B' shares
R Bloom	500,000	2,000 Ordinary 'C' shares
D Chapman	250,000	1,000 Ordinary 'C' shares
K R P Griffiths	500,000	-
R L Pinnock	120,000	400 Ordinary 'B' shares
M J Perry	130	100 Ordinary 'C' shares

AUDITORS

On 1 September 2002 our auditors, Mazars Neville Russell, changed their name to Mazars. A resolution to re-appoint Mazars as auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on
and signed on its behalf by

17th April 2003



R L Pinnock
Secretary

North West Suite
Tower Point
44 North Road
Brighton
BN1 1YR

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

We have audited the financial statements of Brighton and Hove Albion Holdings Limited for the year ended 30 June 2002 which comprise the Consolidated Profit and Loss Account, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom 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. 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 within it.

Basis of 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.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis and the validity of this depends on the ability of the directors to generate sufficient further funding and the continued support of the directors in providing adequate loan facilities. The financial statements do not include any adjustments that would result from a failure to obtain such funding and support. Details relating to this matter are described in note 1(a). Our opinion is not qualified in this respect.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
BRIGHTON AND HOVE ALBION HOLDINGS LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of the group's and of the company's affairs at 30 June 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Mazars

Mazars

Chartered Accountants and Registered Auditors
37 Frederick Place
Brighton BN1 4EA

25 April 2003

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Consolidated Profit and Loss Account For the Year Ended 30 June 2002

	Notes	2002 £	2001 £
TURNOVER	2	4,885,722	3,736,492
Administrative expenses		(6,158,977)	(5,092,657)
Other operating income	3	480,598	680,436
OPERATING LOSS	4	(792,657)	(675,729)
Profit on disposal of players		20,599	28,940
Exceptional items	5		
- Falmer development		(569,476)	(102,840)
- Loan write off		648,015	-
		78,539	(102,840)
Interest receivable	6	210	4,082
Interest payable	7	(39,563)	(127,351)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(732,872)	(872,898)
Tax on loss on ordinary activities	10	-	-
RETAINED LOSS FOR THE YEAR	20	£(732,872)	£(872,898)

The group's turnover and expenses all relate to continuing operations.

The group has no recognised gains or losses other than the retained loss for the year.

The loss on ordinary activities before taxation and the retained loss have been calculated on the historical cost basis.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Consolidated Balance Sheet at 30 June 2002

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Intangible assets	13		96,487		185,513
Tangible assets	14		886,181		1,110,913
			<u>982,668</u>		<u>1,296,426</u>
CURRENT ASSETS					
Stock	15	70,350		81,834	
Debtors (amounts falling due within one year)	16	491,189		1,034,104	
Debtors (amounts falling due after more than one year)	16	122,361		120,000	
Cash at bank and in hand		64,935		30,351	
		<u>748,835</u>		<u>1,266,289</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	(3,678,205)		(8,214,049)	
NET CURRENT LIABILITIES			(2,929,370)		(6,947,760)
			<u>(1,946,702)</u>		<u>(5,651,334)</u>
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	18		(174,993)		(274,989)
NET LIABILITIES			<u>£(2,121,695)</u>		<u>£(5,926,323)</u>
CAPITAL AND RESERVES					
Called up share capital	19		4,537,630		130
Profit and loss account	20		(6,659,325)		(5,926,453)
SHAREHOLDERS' DEFICIT	20		<u>£(2,121,695)</u>		<u>£(5,926,323)</u>

Approved by the board on 17th April 2003, and signed on its behalf by


R L Pinnock : Director

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Balance Sheet at 30 June 2002

	Notes	£	2002 £	£	2001 £
CURRENT ASSETS					
Debtors	16	4,365,819		75,000	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	17	-		(246,681)	
NET CURRENT ASSETS (LIABILITIES)			<u>4,365,819</u>		<u>(171,681)</u>
NET ASSETS (LIABILITIES)			<u><u>£4,365,819</u></u>		<u><u>£(171,681)</u></u>
CAPITAL AND RESERVES					
Called up share capital	19		4,537,630		130
Profit and loss account	20		<u>(171,811)</u>		<u>(171,811)</u>
SHAREHOLDERS' FUNDS	20		<u><u>£4,365,819</u></u>		<u><u>£(171,681)</u></u>

Approved by the board on *17th April 2003*, and signed on its behalf by



R L Pinnock - Director

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Consolidated Cash Flow Statement For the Year Ended 30 June 2002

	Notes	£	2002 £	£	2001 £,
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	21		668,956		(133,364)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		210		4,082	
Interest paid		(39,563)		(127,351)	
NET CASH OUTFLOW FOR RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(39,353)		(123,269)
CAPITAL EXPENDITURE					
Payments to acquire fixed assets		(210,793)		(295,371)	
Receipts from sale of intangible fixed assets		20,599		28,940	
		(190,194)		(266,431)	
EXCEPTIONAL ITEM					
Proposed new development in Falmer		(569,476)		(102,840)	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE			(759,670)		(369,271)
NET CASH OUTFLOW BEFORE MANAGEMENT OF LIQUID RESOURCES AND FINANCING			(130,067)		(625,904)
FINANCING					
Issue of share capital		4,537,500		-	
Repayment of directors' loan accounts		(2,779,713)		660,000	
Repayment of other loans		(1,628,204)		130,008	
INCREASE IN DEBT			129,583		790,008
(DECREASE) INCREASE IN CASH IN THE YEAR	22		£ (484)		£164,104

**Notes to the Financial Statements
For the Year Ended 30 June 2002**

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

The consolidated profit and loss account and balance sheet includes the state of affairs and results of the company and its subsidiary undertaking made up to 30 June 2002

The financial statements have been prepared on a going concern basis on the grounds that the directors of the group, have indicated their willingness to support the group by providing adequate loan facilities to meet the financial obligations of the group as they fall due for a period of at least twelve months from the date on which these financial statements were signed.

(b) Turnover

Turnover represents all income, excluding value added tax, arising from football match related operations.

(c) Depreciation

Depreciation is calculated to write off the cost less estimated residual value of fixed assets on a straight-line basis over their estimated useful lives.

(d) Leasing

Rentals payable under operating leases are charged on straight-line basis over the term of the lease.

(e) Stock

Stock is valued at the lower of cost and net realisable value.

(f) Pensions

The pension costs charged in the financial statements represent the contributions payable by the group during the year in accordance with SSAP 24.

(g) Taxation

Deferred taxation is provided in respect of the tax effect of all timing differences, at the rates of tax expected to apply when the timing differences reverse. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

The above policy has been changed from the group's previous accounting policy for deferred taxation as a result of the implementation of the new Financial Reporting Standard 19. The required prior year adjustment has not been made by the company as in the opinion of the directors its effect would be immaterial to the financial statements.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

1 ACCOUNTING POLICIES (continued)

(h) Transfer fees

In accordance with FRS 10 player registrations are capitalised and written off over the period of the player's contract.

(i) Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

2 TURNOVER

The group operates in the UK and the whole of its turnover is to the UK market. In accordance with the guidelines from the Football League the breakdown of the turnover figure is as follows:

	2002 £	2001 £
Gate receipts	2,129,532	1,596,848
Football League central distributions	445,357	289,263
Commercial sponsorship / advertising	553,883	400,259
Shop sales high street / online	636,369	526,439
Programme sales	132,285	103,905
Broadcast royalties	645,257	23,591
Membership schemes	12,048	12,024
Website royalties	330,991	784,163
	<u>£4,885,722</u>	<u>£3,736,492</u>

3 OTHER OPERATING INCOME

	2002 £	2001 £
Compensation receipt	275,000	-
Falmer development option	-	500,000
Youth development grant	138,000	140,612
Other income	67,598	39,824
	<u>£480,598</u>	<u>£680,436</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

4 OPERATING LOSS

	2002 £	2001 £
Operating loss is stated after charging (crediting):		
Depreciation of tangible assets	435,525	529,378
Amortisation of player registrations	89,026	75,832
Auditors' remuneration	9,500	9,000
Falmer development option	-	(500,000)
	<u> </u>	<u> </u>

5 EXCEPTIONAL ITEMS

	2002 £	2001 £
Falmer development expenditure	569,476	102,840
Loan written off	(648,015)	-
	<u> </u>	<u> </u>
	£ (78,539)	£102,840
	<u> </u>	<u> </u>

In total, £1,300,240 has been spent on the Falmer development in the last four financial periods.

The loan written off relates to the balance of a loan that had been due to William Archer.

6 INTEREST RECEIVABLE

	2002	2001
Bank interest	£210	£4,082
	<u> </u>	<u> </u>

7 INTEREST PAYABLE

	2002 £	2001 £
Bank interest	34,910	34,716
Other loan interest	4,653	92,635
	<u> </u>	<u> </u>
	£39,563	£127,351
	<u> </u>	<u> </u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

8 STAFF COSTS

	2002 £	2001 £
Wages and salaries	2,272,493	1,791,260
Social security costs	242,417	195,872
Other pension costs	38,252	37,130
Promotion insurance	(131,000)	(100,000)
	<u>£2,422,162</u>	<u>£1,924,262</u>

	Number	Number
The average number of persons, including executive directors, employed by the group during the year was:		
Players	28	28
Management and administration	36	31
	<u>64</u>	<u>59</u>

9 DIRECTORS

	2002	2001
Total emoluments	<u>£67,900</u>	<u>£67,561</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

10 TAXATION

	2002 £	2001 £
Analysis of credit in year		
Current tax	-	-
	=	=

Factors affecting tax credit for the year

The tax credit in the profit and loss account for the year amounts to £nil and is lower than the standard rate of UK corporation tax (30%). The difference is explained below:

	2002 £	2001 £
Loss on ordinary activities before tax	£(732,872)	£(872,898)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 10% (2001 – 20%)	(73,287)	(174,580)
Reconciling items:		
Expenses not deductible for tax purposes and timing differences	76,017	(22,223)
Excess of depreciation over capital allowances	(2,709)	199,857
Sundry	(21)	(3,054)
Taxation credit in the profit and loss account	-	-

Factors that may affect future tax charges

At 30 June 2002, the group had approximately £13,049,000 of trading losses to carry forward. The directors do not anticipate utilisation of the tax losses in the foreseeable future.

11 LOSS OF BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the company is not presented as part of these financial statements. The company's loss for the year was £732,872 (2001 - £872,898).

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

12 INVESTMENTS

Company	2002 £	2001 £
COST	171,711	171,711
Amounts written off in prior periods	(171,711)	(171,711)
Net book value at 30 June 2002	-	-

The following were subsidiaries at the balance sheet date:

Subsidiary undertaking	Description and proportion of share capital owned	Country of incorporation	Nature of business
Brighton and Hove Sports and Leisure Limited	Ordinary 100%	England	Intermediate holding company
Brighton and Hove Albion Football Club Limited	Ordinary 99.98%	England	Professional member of Football League and Association
Albion Sports and Leisure Limited	Ordinary 100%	England	Dormant

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

13 INTANGIBLE FIXED ASSETS

Group	Player registrations £	Goodwill £	Total £
COST			
At 1 July 2001	295,511	139,566	435,077
Additions	-	-	-
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2002	<u>£295,511</u>	<u>£139,566</u>	<u>£435,077</u>
AMORTISATION			
At 1 July 2001	109,998	139,566	249,564
Charge for the year	89,026	-	89,026
	<u> </u>	<u> </u>	<u> </u>
At 30 June 2002	<u>£199,024</u>	<u>£139,566</u>	<u>£338,590</u>
NET BOOK VALUE			
At 30 June 2002	<u>£96,487</u>	<u>-</u>	<u>£96,487</u>
At 30 June 2001	<u>£185,513</u>	<u>-</u>	<u>£185,513</u>

Goodwill arose on the acquisition of the company's subsidiaries in 1993, and was written off subsequently over the period that the group derived direct economic benefits from the acquisitions.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

14 TANGIBLE FIXED ASSETS

Group	Withdean Stadium development costs £	Training ground improvements £	Fixtures and fittings £	Motor vehicles £	Total £
COST					
At 1 July 2001	2,248,529	-	155,828	1,584	2,405,941
Additions	131,911	33,181	45,699	-	210,791
	<u>£2,380,440</u>	<u>£33,181</u>	<u>£201,527</u>	<u>£1,584</u>	<u>£2,616,732</u>
DEPRECIATION					
At 1 July 2001	1,215,214	-	78,405	1,409	1,295,028
Charge for the year	388,408	6,636	40,304	175	435,523
	<u>£1,603,622</u>	<u>£6,636</u>	<u>£118,709</u>	<u>£1,584</u>	<u>£1,730,551</u>
NET BOOK VALUE					
At 30 June 2002	<u>£776,818</u>	<u>£26,545</u>	<u>£82,818</u>	<u>-</u>	<u>£886,181</u>
At 30 June 2001	<u>£1,033,315</u>	<u>-</u>	<u>£77,423</u>	<u>£175</u>	<u>£1,110,913</u>
Depreciation rate	Over the life of the agreement	20%	20%	25%	

The club has an agreement to occupy Withdean Stadium for the 02/03, 03/04 and 04/05 football seasons.

15 STOCK

Group	2002	2001
Goods for resale	<u>£70,350</u>	<u>£81,834</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

16 DEBTORS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
DUE WITHIN ONE YEAR				
Amount owed by group companies	-	-	4,365,819	75,000
Other debtors	420,975	885,205	-	-
Prepayments	70,214	148,899	-	-
	<u>£491,189</u>	<u>£1,034,104</u>	<u>£4,365,819</u>	<u>£75,000</u>
DUE AFTER ONE YEAR				
Other debtors	<u>£122,361</u>	<u>£120,000</u>	<u>-</u>	<u>-</u>

These debtors refer to an amount of £100,000 (due in more than one year) held in a joint bank account with Ecovert South Limited as security for payment of any sums payable to them and a further amount of £22,361 (due in more than one year) to cover an irrecoverable letter of credit that was issued to Errea Sport S.p.A, who are sportswear suppliers of the club.

17 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank overdraft	274,481	239,413	-	-
Payments received on account	1,373,236	1,274,344	-	-
Trade creditors	605,640	435,507	-	-
Amounts owed to group companies	-	-	-	141,285
Other taxation and social security	253,900	252,618	-	-
Directors' loan accounts	448,000	3,227,713	-	90,213
Other creditors	219,169	809,161	-	15,183
Other loans	404,599	1,932,807	-	-
Accruals	99,180	42,486	-	-
	<u>£3,678,205</u>	<u>£8,214,049</u>	<u>-</u>	<u>£246,681</u>

The directors' loan accounts are unsecured and interest-free. The directors have given their assurance that they will continue to support the group to meet the financial obligations of the group as they fall due.

The bank overdraft is secured by way of a fixed and floating charge over all the assets of the group now or in the future.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

18 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002	2001	2002	2001
Other loan	<u>£174,993</u>	<u>£274,989</u>	<u>-</u>	<u>-</u>

This is secured over future income from the Football League; it is interest-free and repayable in equal monthly instalments.

19 SHARE CAPITAL

Group and company	2002 £	2001 £
Authorised		
6,000,000 Ordinary shares of £1 each	6,000,000	-
49,500 Ordinary 'A' shares of 1p each	-	495
49,500 Ordinary 'B' shares of 1p each	-	495
1,000 Ordinary 'C' shares of 1p each	-	10
	<u>£6,000,000</u>	<u>£1,000</u>
Allotted, called up and fully paid		
4,537,630 Ordinary shares of £1 each	4,537,630	-
4,950 Ordinary 'A' shares of 1p each	-	49.50
4,950 Ordinary 'B' shares of 1p each	-	49.50
3,100 Ordinary 'C' shares of 1p each	-	31.00
	<u>£4,537,630</u>	<u>£130.00</u>

On 25 June 2002, the 100,000 issued and unissued A, B and C 1p shares were converted into 1,000 Ordinary shares of £1 each.

Furthermore, 4,537,500 Ordinary £1 shares were issued as part of a group re-structuring.

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 July 2000	130	(5,053,555)	(5,053,425)
Result for the year	-	(872,898)	(872,898)
Balance at 30 June 2001	130	(5,926,453)	(5,926,323)
Result for the year	-	(732,872)	(732,872)
Issue of share capital	4,537,500	-	4,537,500
Balance at 30 June 2002	<u>£4,537,630</u>	<u>£(6,659,325)</u>	<u>£(2,121,695)</u>

Company	Share capital £	Profit and loss account £	Total shareholders' funds £
Balance at 1 July 2000	130	(171,811)	(171,681)
Result for the year	-	-	-
Balance at 30 June 2001	130	(171,811)	(171,681)
Result for the year	-	-	-
Issue of share capital	4,537,500	-	4,537,500
Balance at 30 June 2002	<u>£4,537,630</u>	<u>£(171,811)</u>	<u>£4,365,819</u>

21 RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating loss	(792,657)	(915,278)
Depreciation of tangible fixed assets	435,525	529,378
Amortisation of intangible fixed assets	89,026	75,832
Decrease in stocks	11,484	9,728
Decrease (increase) in debtors	540,554	(666,026)
(Decrease) increase in creditors	(262,991)	833,002
Write off of other loan	648,015	-
Net cash inflow (outflow) from operating activities	<u>£668,956</u>	<u>£(133,364)</u>

BRIGHTON AND HOVE ALBION HOLDINGS LIMITED

Notes to the Financial Statements For the Year Ended 30 June 2002

22 ANALYSIS OF NET DEBT

	1 July 2001 £	Cash flow £	30 June 2002 £
Net cash:			
Cash at bank and in hand	30,351	34,584	64,935
Bank overdraft	(239,413)	(35,068)	(274,481)
	<u>£(209,062)</u>	<u>£(484)</u>	<u>£(209,546)</u>
Debt:			
Directors' loan accounts	(3,227,713)	2,779,713	(448,000)
Other loans	(2,207,796)	1,628,204	(579,592)
	<u>£(5,435,509)</u>	<u>£4,407,917</u>	<u>£(1,027,592)</u>
Net debt	<u>£(5,644,571)</u>	<u>£4,407,433</u>	<u>£(1,237,138)</u>

23 RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET DEBT

	2002 £	2001 £
(Decrease) increase in cash in the year	(484)	164,104
Cash flow from decrease (increase) in debt	<u>4,407,917</u>	<u>(961,434)</u>
Movement in net debt in the year	4,407,433	(797,330)
Opening net debt	<u>(5,644,571)</u>	<u>(4,928,454)</u>
Closing net debt	<u>£(1,237,138)</u>	<u>£(5,725,784)</u>

24 FINANCIAL COMMITMENTS

At 30 June 2002 the group was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2003:

	Land and buildings 2002 £	2001 £
Expiry date:		
Within two to five years	21,575	21,575
In over five years	<u>17,500</u>	<u>17,500</u>

At 30 June 2002 the group was also committed under a hire agreement for the rental of Withdean Stadium, until June 2003.

**Notes to the Financial Statements
For the Year Ended 30 June 2002**

25 CONTINGENT LIABILITIES

The disposal of the Goldstone Ground in 1995 gave rise to a gain resulting in a corporation tax liability of about £250,000. The group has made a claim to roll over the gain against the costs to be incurred in building the new stadium. It is therefore considered that a provision for the tax is not required in these financial statements, but the liability would crystallise if the proposed development should ultimately fail.

26 RELATED PARTIES

At 30 June 2002 the directors' loans to the company are as follows:

	Directors' loan accounts £	Other creditors £
R A Bloom	50,000	-
D L Chapman	12,000	-
K R P Griffiths	82,000	-
H R Knight	157,000	28,444
R L Pinnock	147,000	2,473
	<u>£448,000</u>	<u>£30,917</u>

Adenstar Developments Limited, of which D Chapman is a director, continues to hold an option to undertake the construction work for the proposed new development at Falmer, subject to Adenstar Developments Limited proving 'best value' by entering into a competitive tender process once planning permission for the Stadium has been granted.

In the year under review, Adenstar Developments Limited was paid £16,946 for various building and construction work.